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TODAY: SCIENCE

Versace: Victim No. 5?

Police Suspect Homosexual Prostitute Sought by FBI as a Grisly Serial Killer

Compiled by Our Staff From Dispatches

MIAMI BEACH — The first victim, a 28-year-old former U.S. Navy lieutenant, was found wrapped in a rug in a loft apartment in Minneapolis, his head bashed with a claw hammer. The second victim, a 33-year-old architect, was found an hour's drive north, shot once in the head.

The third victim was a 72-year-old Chicago real estate tycoon, found in the garage of his town house, his throat slashed with a saw blade, his chest stabbed with pruning shears and his head wrapped in masking tape with a breathing hole left at the nostrils.

The fourth victim was William Reese, the caretaker of a New Jersey cemetery, found shot to death in the burial ground.

Now, federal investigators believe that all four deaths — and a fifth, the fatal shooting Tuesday of the 50-year-old Italian fashion designer Gianni Versace — were the work of a single killer already on the FBI's 10-most-wanted list, a man who Wednesday was the object of a search in Florida and across the United States.

The suspect is Andrew Phillip Cunanan, a 27-year-old fugitive who has been described by police, acquaintances and his mother as a homosexual prostitute who caters to wealthy men. The FBI said he did not know all of his apparent victims.

Jim Chambliss of the Florida Department of Law Enforcement said there was "a certain possibility" that the killer was still in the Miami area, evading a "massive manhunt." More than 200 calls had been logged on a police hotline created to seek the public's help. "We want to take him off the streets as quickly as we can," he said.

After the Versace shooting, witnesses led police to a parking garage near the designer's home where a man fitting the description of the suspect was seen. There, police found a red Chevrolet pickup truck that investigators said Mr. Cunanan stole from Mr. Reese. Clothing under the truck fit the description by witnesses of the killer's clothes, police said. One witness said the man changed clothes in the truck, then hailed a taxi.

Without Gianni, what's in store for the Versace label? Page 2.

Asked Tuesday night to describe the fugitive's modus operandi, Paul Philip, the special agent in charge of the Federal Bureau of Investigation in Miami, seemed taken aback. "He kills people," Mr. Philip said.

"We've been actively looking for him since April," he said. "Everybody's at risk. Everybody's got to help us put this guy in jail."

The police chief of Miami Beach, Richard Barreto, said the shooting of Mr. Versace outside the gates of his Mediterranean-style mansion — twice in the back of the head at close range — was not a random act.

Mr. Versace was gay, but investigators said they did not know of any

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Peter Morgan/Reuters

A New York trader watching the Dow Jones industrial average leap above a key milestone in the first half hour of the Wednesday session.

Dow Index Vaults Over 8,000 Barrier

Technological Gains Fuel Rise Of 24% in Average So Far in '97

By Mitchell Martin
International Herald Tribune

NEW YORK — The Dow Jones industrial average crossed the 8,000 level for the first time Wednesday, a milestone that brings the gain in blue-chip American stocks to a stunning 24 percent this year and reflects a growing U.S. economy in which technological advances apparently have helped wring inflation out of the system.

The Dow has doubled in less than three years, and the value of shares in the U.S. stock market is now about $10.65 trillion, accounting for about half the traded equity in the world, according to Birinyi Associates Inc. in Greenwich, Connecticut. At the start of the decade, U.S. stocks were only worth about $3 trillion, although some of the rise in recent years reflects non-U.S. companies listing their shares on American markets.

The rise of the Dow through 8,000 was almost anticlimactic, as the average has flirted with that milestone for two weeks. More notable have been the strong gains in the Nasdaq composite average, which comprises many of the major technology companies that are traded on the over-the-counter system. Technology shares were slumping earlier in the year, so even though it has risen 30 percent since early April, the Nasdaq average's gain for this year is only about 22 percent, trailing the Dow and the broadest of the major stock gauges, the Standard & Poor's 500, which has increased 26 percent.

An illustration of the increasing role of technology companies in the financial markets was the fact that Microsoft Corp., whose software is found on most personal computers, was worth $175.4 billion in late trading, behind only General Electric Co., which has a market capitalization of $241.5 billion. Microsoft's stock rose more than $9 a share to $148.4375, allowing it to eclipse Coca-Cola Co. for the No. 2 position, even though Coke's stock also rose.

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The Dollar

New York	Wednesday @ 4 P.M.	previous close
DM	1.7914	1.792
Pound	1.6787	1.6795
Yen	115.62	115.45
FF	6.0504	6.0475

The Dow

	Wednesday close	previous close
+63.17	8038.88	7975.71

S&P 500

change	Wednesday @ 4 P.M.	previous close
+10.79	936.56	925.77

OLIDARITY — Ricardo M... **iding the musicians and singers** **ilan's La Scala, the Sara... nilharmonic Orchestra and Op... horus in a concert in Sara...**

UN Chief Unveils Proposal To Revamp Organization

Plan Seeks Deputy, Cabinet and Streamlining

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Secretary-General Kofi Annan announced Wednesday that he intends to sweep away a United Nations management system accrued over more than half a century and significantly restructure the organization's administration from the top down.

Gone would be the cumbersome arrangement under which more than two dozen fiefdoms within the secretariat and the organization's autonomous agencies all had direct access to the secretary-general. In its place would be a cabinet of fewer than a dozen top officials with enhanced powers in major areas of activity.

A deputy secretary-general's position would be created. A Department of Disarmament would be reinstated and a strengthened human rights office would get a role in top management, Mr. Annan said.

Mr. Annan, who presented his plan to a special General Assembly session Wednesday morning, is gambling that his plan has enough streamlining and cost-cutting to pacify the U.S. Congress and yet pays adequate attention to the demands of poor nations that could use their majority to block changes that many believe have been forced on the organization by industrial countries.

Saying that "the United Nations is not working as it should," Mr. Annan pledged to begin "a quiet revolution" that would make the organization more efficient without reducing its ability to have an impact in a wide range of areas.

"In return I ask of you, and of the world, that you judge us not only by the cuts we propose or by the structures we change," the secretary-general said. "Judge us instead — and judge us rightly — by the relief and refuge that we provide to the poor, to the hungry, the sick and threatened: the peoples of the world whom the United Nations exists to serve."

Most diplomatic missions here and interested groups around the United States were seeing the completed plan for the first time Wednesday, since it has been written and rewritten many times over in the last week or two, amid gathering gloom in many quarters that the UN bureaucracy was watering down the proposal.

Initial U.S. reactions to Mr. Annan's proposals were mixed. In Washington, Senator Rod Grams, the Minnesota Republican who is chairman of the Senate Foreign Relations subcommittee on international organizations, said that "this meager package represents nothing more than the status, and that is unacceptable."

Bill Richardson, the United States representative to the United Nations, said in an interview after Mr. Annan's speech that the report "heads in the right direction."

"The general thrust, which improves efficiency, lowers cost and focuses on the core missions of the UN, are steps in the right direction," Mr. Richardson

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Agence France-Presse

Jacques Santer unveiling proposals on Wednesday for EU reform.

EU's Struggle to Redefine Itself

Radical Reform, It Says, Must Pave Way to Eastward Expansion

By Tom Buerkle
International Herald Tribune

STRASBOURG — Opening what will probably be years of struggle to define the European Union's contours for the next century, the bloc's executive commission called Wednesday for a radical overhaul of EU policies, finances and governing procedures to prepare for expansion into Central and Eastern Europe.

"We have a historic opportunity, carrying with it profound changes," the commission president, Jacques Santer, said in formally unveiling the proposals before the European Parliament here.

The European Commission also explained its decision, made the day before, to recommend that the Union begin membership negotiations next year with only five of the former Soviet bloc countries seeking entry — the Czech Republic, Estonia, Hungary, Poland and Slovenia. Cyprus has also been endorsed for membership talks.

In its most exhaustive analysis yet of the region, the commission said the five East European countries had made the most progress in implementing democratic and free-market reforms. But it cautioned that even they have a long way to go to bring their competition laws, environmental standards and transportation and energy networks up to EU levels.

The need for further substantial reforms in the candidate countries, as well as the prospect of stiff opposition from existing members to a reduction of their EU farm and development subsidies, indicated that the Union's enlargement will be a long and politically tortuous affair.

As Prime Minister Gyula Horn, speaking in Budapest, expressed hope that Hungary would join the Union by 2000, Mr. Santer saw the first expansion in 2002 or 2003, while many EU officials privately suggested 2005.

The commission's proposals were welcomed by the five favored candidates, particularly Slovenia and Estonia.

After NATO's decision last week to limit its initial enlargement to only three countries, the positive recommendation from the commission "helps a little bit to repair the wounded Slovenian soul," said Boris Cizelj, the country's ambassador to the EU.

In Estonia, Prime Minister Mart Siimann said the recommendation "gives us a new impulse" to anchor the former Soviet republic firmly in the West.

In Bucharest, however, Prime Minister Victor Ciorbea called Romania's exclusion "unjustified."

Turkish leaders also voiced their pique at being left behind Eastern Europe and Cyprus. Deputy Prime Min-

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Europe and U.S. Edge Toward Trade War Over Boeing

By Barry James
International Herald Tribune

PARIS — The European Union took a further step toward a possible trade war with the United States on Wednesday when antitrust experts representing member governments endorsed rejecting the $15.5 billion acquisition of McDonnell Douglas Corp. by Boeing Co.

Boeing's vice president in charge of the negotiations, Richard Albrecht, flew back to the United States, leaving what was left of the talks in the hands of lower-level negotiators.

With both sides keeping silent about the substance of the talks, there was no indication that they would achieve a breakthrough before the European Commission, which negotiates on behalf of EU member states, decides on the issue next Wednesday.

The antitrust experts from the 15 member countries urged the commission to keep the negotiations open. But they agreed with the commission's assessment that Boeing's proposals did nothing to "prevent a strengthening of Boeing's dominant position," an EU official said.

President Jacques Chirac of France said during a visit to Brussels: "We strongly support the commission on its position on Boeing/McDonnell," adding, "It could be extremely dangerous for Europeans."

If it rules against the acquisition, the commission will be faced with the decision to put into action its threat to levy heavy fines against Boeing.

The United States already has warned the commission it will back Boeing to the hilt and will react to any European sanctions. Such a reaction could include an embargo on Europe's four-nation Airbus consortium or on hundreds of European companies that supply Boeing.

"If they're going to take sanctions against Boeing,

See BOEING, Page 6

What Price Free Markets? Japan Anxiously Builds Capitalism

By Nicholas D. Kristof
New York Times Service

TOKYO — Western-style capitalism is coming to Japan, raising tensions and eyebrows, upsetting plans and a way of life.

Obviously, the home of Toyota and Sony is not a communist country — though Japanese and foreign analysts have often pointed out parallels. But it is not really a capitalist country either, in the entrepreneurial, freewheeling way of Western market economies.

As Japan searches for a path into the next century, the challenges of building a modern market economy — and the resulting anxiety — are disconcertingly similar to those in the former communist world. In Japan almost as much as in Russia there is a consensus that the old economic and political system was ill-suited for the future, and that society must move several steps in the direction of American-style capitalism, but that this will be as painful as it is inevitable.

The Japanese economy is marked by a high degree of central planning, presided over by powerful bureaucrats confident that they can allocate resources better than the free market. Business is highly regulated and often collusive. The economy is biased toward producers rather than consumers, resulting in first-class steel mills and third-class apartment buildings. And in many cities, the economy seems closer to that of a 16th-century village than that of a modern capitalist country.

The anti-capitalist side of the economy is apparent in the back alleys of cities like Utsunomiya, a sprawling warren of vegetable shops and noodle restaurants at the foot of the great mountains of central Japan. Resistance to the rough and tumble of the market in places like this is simply a matter of good neighborliness. Keiko Abe, a longtime resident of Utsunomiya, says she feels a strong sense of moral obligation — what the Japanese call *giri* — to buy from local shops, whatever the price.

"The elderly folks still try to buy from local shops, and the shop owners buy from each other," she said. "But young people don't feel that giri. They go wherever it's cheap."

These webs of giri in some ways reflect the very best of Japan, its civility and respect for others. A fundamental question for Japan is whether it can move to a more market-oriented system without disrupting the sense of community that for centuries have been at the root of Japanese society. Some Japanese wonder whether capitalism will lead to layoffs, inequality, crime and a society that values wealth more than cooperation and social responsibility.

For all of the apprehensions about the future, Japanese society is virtually unanimous on the need for change — although there is debate about the pace. There is a remarkably gloomy consensus that the country has lost its edge, that it has been outmaneuvered by more creative and entrepreneurial countries like the United States, that it will be challenged in the coming decades by the booming economies of Asia and that unless it can restructure, its best days are behind it. But for the Japanese, the

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Newsstand Prices

Bahrain	1.000 Din	Malta	55 c.
Cyprus	C. £ 1.00	Nigeria	125.00 Naira
Denmark	14.00 D.Kr.	Oman	1.250 Rials
Finland	12.00 F.M.	Qatar	10.00 Riels
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10.00 R
Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$30.00

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Cambodia Coup Leader Appoints Co-Prime Minister

By Keith B. Richburg
Washington Post Service

PHNOM PENH — Cambodia's foreign minister, Ung Huot, agreed Wednesday to become first prime minister, replacing Prince Norodom Ranariddh, who was deposed in a bloody coup this month and remains in uncertain exile abroad.

The surprise announcement by Mr. Ung Huot — who is backed by a dissident group of Prince Ranariddh's fractured party — lends an air of legitimacy and international respectability to the rule of the second prime minister, Hun Sen, and undercuts the prince's efforts to rally foreign backing for a return to power.

"I think it solves everything," said Dav Roueng, a top police official and a breakaway member of Prince Ranariddh's royalist party.

But most Cambodian analysts said they expected Mr. Ung Huot to be little more than a figurehead, with Mr. Hun Sen maintaining near-absolute power behind the scenes.

"These days, and for the foreseeable future, I don't think he can refuse flatly what Hun Sen wants," said Lao Mong Hay, executive director of the Khmer Institute of Democracy. "He can get on with Hun Sen, and perhaps restrain Hun Sen a little bit."

"It's a good choice to get the international community to recognize the new regime," he added.

After his troops routed Prince Ranariddh's outnumbered and outgunned forces during fierce fighting in the capital July 6, Mr. Hun Sen said his power play was not a coup since he intended to allow Prince Ranariddh's party to retain the top job and name a successor to the vanquished prince. With top officials of Prince Ranariddh's party either ex-

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AGENDA

U.S. Faults North In Korean Clash

Reuters

WASHINGTON — The U.S. State Department on Wednesday accused North Korea of unusually aggressive provocation in sending soldiers across the demilitarized zone with South Korea, but said the action would not affect promised new food aid.

The department spokesman, Nicholas Burns, spoke after North and South Korean troops engaged in an hourlong gunfight along their common border in one of their most serious clashes in recent years.

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The King of Frock 'n' Roll / **Designer Who Caught the Moment**

Without Gianni, Can Versace Survive?

By Suzy Menkes
International Herald Tribune

LONDON — Pick up any glossy magazine — say the current Vanity Fair with Princess Diana reclining on the cover — and you will find, in pole position, an ad for Versace.

The letters printed in sunshine yellow across the bared chest of a handsome young boy, or on a silhouetted hand weighed down with Medusa rings, are not "Gianni Versace" — the name of the designer who was gunned down at his Miami Beach home Tuesday.

Instead, the word is just "Versace." It is symbolic of the fact that the Italian company has already made the transition from designer label to brand and is therefore in a viable position to survive the death of its founder — providing the financial situation is sound and the rest of the close-knit family unit remains intact.

Although Versace without its bravura designer — and his exuberant personality, sound-bite quotes and rock-star entourage — might seem inconceivable, the company is facing in a brutal and public way the same dilemma that other fashion houses have surmounted and that many others will have to solve as time ticks away for an aging designer generation.

How can you have "Hamlet" without the prince? Can you persuade people to buy into a fashion universe when the king is dead, leaving only a logo behind?

The French houses of Chanel and Dior are examples of companies that were founded by high-profile designers and that have reinvented themselves as luxury brands following the deaths of their chiefs.

"Versace is confronting the same problem we had 40 years ago," said Francois Baufume, president of Christian Dior couture, referring to the eponymous founder's death in 1957 after just 10 years as a fashion leader. Every successful designer has to develop from creative force to label and then to the "ultimate stage" of turning products into a brand, Mr. Baufume said.

"It isn't easy," he said. "They will have to find someone to design for Versace and be very careful to position themselves — but it can be done."

DONATELLA Versace, 40, the designer's flamboyant, bottle-blonde sister and muse, is the most likely candidate to take over, although no one can know how she will function without the brother to whom she was especially close.

Ms. Versace already designs the Versus collection, a subsidiary line, and in recent years, especially while Mr. Versace was battling a cancerous tumor in the ear, she shared the limelight and even produced a signature fragrance, Blonde.

In the U.S. market, retail analysts have seen the power sharing as part of intelligent management by Santo Versace, Gianni's elder brother and business partner, aimed at establishing a global brand.

Rose Marie Bravo, president of Saks Fifth Avenue, said Wednesday from Orlando, Florida, that the company had a "shrewd strategy" and had already taken "all the right steps" to create a Versace look and build up a base of customers from Asia through South America who "love what he stands for."

"The signature is so strong and consistent and there are so many product categories with the color and the sex appeal — and people are desirous of becoming part of that imagery," she said.

At Bergdorf Goodman in New York, which carries only the men's and women's Versace couture lines, not its secondary lines or ancillary products like homewares and jeans, Joseph Boitano, the store's executive vice president, said that the empire could withstand the current crisis.

"The name Versace has a very clear-cut image, and although Gianni was an integral part, they have already made the transition into a brand," he said. "Between the publicity, the retail positioning and the product, the situation is very strong."

HOW did an Italian boy from a simple southern Italian family, who founded his label in 1978, manage to build such an unassailable empire in such a relatively short time?

The answer is money — and hype. Mr. Versace was emphatically not the most creative designer of his generation. For most of the 1980s, when Giorgio Armani reinvented tailoring as an androgynous comfort blanket, Mr. Versace was vilified for his flagrant, hard-edged sexiness. To the wife of an Italian ambassador to Paris, it was "La Moda Putana" or "hooker fashion."

Nor did Mr. Versace invent the fashion spectacular. A decade before him, in Paris in the 1970s, Kenzo had presented shows in a circus tent, and Thierry Mugler did so in a giant stadium.

But what Mr. Versace did was bigger and better than anyone else: His skin-tight leathers were softer, his sex-charged dresses silkier and his vertiginous high-heeled shoes glitzier. He used money — mysterious tons of it — to hire the best models and photographers and to buy the goodwill (or at least silence the murmuring doubts) of magazines in which he so conspicuously advertised.

Although the French designer Azzedine Alaia was the first to put photographic supermodels on the runway, Mr. Versace owned the territory by the time he had bolstered their fees to $10,000 a show. In 1991 he lined up top models including Naomi Campbell, Linda Evangelista and Christie Turlington in one memorable show.

Even if history told otherwise, Mr. Versace blithely rewrote it, claiming to be a best friend of Andy Warhol and part of the famous Factory scene, although in the 1960s he was a shy, fledgling Italy-based designer who spoke not a word of English. (Later he learned to converse fluently.) He aggrandized his mother's small dressmaking business in Reggio di Calabria, calling it a famous couture business servicing aristocrats of Italy.

In a recently published pocket history of Versace, Richard Martin, curator of the Costume Institute of the Metropolitan Museum (whose "Haute Couture" exhibition the company co-sponsored) quoted Mr. Versace as saying that his sister had shared black leather pants — as well as initials — with Diana Vreeland, the legendary Vogue fashion editor.

According to Katell le Bourhis, Ms. Vreeland's assistant at that time, Mr. Versace had sent her a pair of leather pants in homage but neither he nor his sister ever knew her.

Christopher Moore

Gianni Versace and his sister, Donatella, sharing the glory on the runway after a recent show, above, and Naomi Campbell modeling a Versace cocktail dress last week.

THE myth-making was on such a gargantuan scale that it was impossible for an industry based on hype not to be swept along.

Gianni Versace's engaging personality made it seem perfectly normal for him to present himself at the same time as a king of frock 'n' roll, a connoisseur of modern art (he claimed that he bought his Picassos not from a gallery but from "the family") and the reincarnation of a Renaissance prince.

"I feel like a Medici," he said last month, standing on a podium in the Boboli Gardens in Florence, stretching out his arms in the crucifix position, as he was wont to do at the end of each show.

In his palazzo in Milan, he lived like a Medici, surrounded by classical busts and Renaissance paintings — yet lunched at home on simple pasta every day at the family table.

Everything that Mr. Versace did was grist to the publicity mill. Or, as a British editor, put it: "If he has a cup of tea, I get a press release."

If the Versaces decide to look outside their immediate family for a replacement for a designer who had an instinct for catching — rather than creating — the fashion moment, they will find it hard to fill Mr. Versace's shiny, gilt-trimmed shoes. But there is one prerequisite in following in the maestro's footsteps — or for wearing his clothes.

"I like to dress egos," Mr. Versace said. "If you haven't got a big ego, you can forget it."

Gareth Watkins/Reuters

Rwandan Army Accused Of 'Widespread Atrocities'

U.S. Training Didn't Deter Killings in Congo

By Thomas W. Lippman
Washington Post Service

WASHINGTON — A three-year effort by the Pentagon to raise the standards and discipline of the Rwandan Army has failed to deter the Rwandans from "widespread atrocities against civilian populations in eastern Congo," according to a report by human rights investigators.

The report, by the group Physicians for Human Rights, was prepared for the House International Relations Committee on the situation in Congo, where last winter the Rwandan military engineered and helped carry out a successful rebellion against the government of what was then Zaire.

Defense Minister Paul Kagame of Rwanda has confirmed that his country's armed forces organized and supported the seven-month rebellion that ended the three-decade rule in Zaire of Mobutu Sese Seko and propelled the nominal rebel leader, Laurent Kabila, to the presidency. Mr. Kabila has renamed the country Congo.

Congo's new leader has sought to block investigations by journalists and human rights workers into atrocities that have been reported in the east.

The report by the Physicians for Human Rights said its three-person team that spent two weeks in Rwanda and Congo "received reliable reports that Rwandan military have committed, and continue to commit, widespread atrocities against civilian populations in eastern Congo. Reports of robberies, rape and attacks by English- and Kinyarwanda-speaking soldiers are numerous within North and South Kivu provinces."

Witnesses said the troops committing the alleged atrocities wore Rwandan military uniforms, the report said. The killings "appear to be systematic attacks" aimed at eliminating the threat to Tutsi-dominated Rwanda from rival Hutu who fled into Zaire after the 1994 genocide in Rwanda, the report said.

The U.S. training of the Rwandans began after Mr. Kagame's rebel army seized control of the country and halted the Hutu slayings of Tutsi in 1994.

Defense and State Department officials said no U.S. military personnel participated in any way in the Zaire campaign, but that small groups of U.S. Army Special Forces and other units have provided several forms of training to the Rwandans for some time.

A seven-member Special Forces team from Fort Bragg, North Carolina, is to leave soon for Rwanda to train officers to respect human rights and the role of a military in a democracy, a Pentagon official said, adding that the reports of atrocities was "an area of serious concern."

Kenya Leader Agrees to Meet Political Foes

Reuters

NAIROBI — President Daniel arap Moi of Kenya, faced with persistent demands for changes in the constitution, agreed Wednesday to meet opposition leaders next week.

But leaders of an opposition-backed campaign for reforms said Mr. Moi's talks with the leader of the opposition in Parliament on Wednesday and religious leaders on Tuesday were not enough to prompt them to abandon their pressure on the president.

Michael Wamalwa, leader of the parliamentary opposition, said Mr. Moi had 10 minutes of "cordial" talks with him on Wednesday and had agreed to a meeting between the government and opposition leaders next week, although an exact date was not set.

"We are not asking for a whole lot," he said. "We are asking for minimum reforms that will level the playing field so we can go into free and fair elections. The president seemed to be in the mood for dialogue."

Mr. Wamalwa leads the FORD-Kenya party but is not on the National Convention Executive Committee, an alliance of opposition parties, human rights groups and other bodies demanding constitutional changes before a general election.

UN Condemns Israeli Building And Hints at Other Sanctions

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — For the third time in four months, the General Assembly has adopted a resolution condemning Israel for continuing to build housing in disputed territories.

The resolution asked Israel to identify products produced in those areas, with the intention of calling for a boycott. It also made a vaguely worded threat to Israeli rights within the United Nations.

The resolution was approved, 131 to 3, with 14 abstentions. Only Micronesia voted with Israel and the United States against the resolution.

The action brought immediate criticism from Israeli and American envoys, who accused the General Assembly of reverting to the anti-Israeli crusades of the Cold War era.

Bill Richardson, the American representative, repeated Clinton administration criticisms of Israeli building of a housing complex called Har Homa on a site in East Jerusalem that Arabs call Jabal Abu Ghneim. But Mr. Richardson also called the threat to Israeli membership in the United Nations "a throwback to the ugly credentials challenges of past decades."

■ Netanyahu Complains

Prime Minister Benjamin Netanyahu dismissed the settlements issue Wednesday as a "red herring" and called on the Palestinians to negotiate it with Israel in place of stirring up world condemnation in the United Nations, Reuters reported from Jerusalem.

"There's so much happening in the world," he said. "There's fighting. There are wars. There is genocide. And this is what the UN has to do?"

TRAVEL UPDATE

Are Frequent Fliers Short-Seated?

WASHINGTON (AP) — The government is investigating whether U.S. airlines give customers enough information about limits on the number of seats that may be available under frequent-flier programs.

The Transportation Department asked nine major U.S. airlines for detailed information on their programs as part of an overall review of airliners' consumer efforts started in 1995.

Heat Wave Stifles U.S. Northeast

NEW YORK (Combined Dispatches) — As temperatures in the Northeast brush records, local governments are calling for reduced use of air conditioners and lawn sprinklers and are warning the elderly and young to avoid outdoor activities.

In the New York area's first extended heat wave of the summer, the temperature hit 97 degrees Fahrenheit (36 degrees centigrade) in Central Park. At National Airport in Washington, the high was one degree shy of the record 100 degrees Fahrenheit. The air has been so polluted that the plane the University of Maryland uses to measure ozone levels could not take off Tuesday because of poor visibility. *(WP, NYT)*

U.K. Promotes Tourism Via the Web

LONDON (Reuters) — Britain inaugurated a 40,000-page Web site on Wednesday in an attempt to promote its tourist industry around the globe. Set up by the British Tourist Authority, the site gives Internet users access to a vast database of attractions, events and accommodation in England, Scotland and Wales.

The site displays picture-postcard style images of Britain's coasts, cities and countryside, as well as detailed maps and information on its fickle climate. The address of the site is www.visitbritain.com.

Tourists hoping to see Paris from the Eiffel Tower were locked out Wednesday after striking workers forced the monument to close, a tower spokeswoman said. The workers were angry about the firing of a colleague, she said, adding that she did not know how long the strike would last. *(AP)*

American Airlines said that losses due to competition from the three-way alliance of Sabena, Delta and Swissair had forced it to eliminate its daily flight from Brussels to Kennedy International Airport in New York, effective Oct. 1. *(Reuters)*

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WEATHER

Europe

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Algarve	27/80	19/66 s	31/88	20/68 s
Amsterdam	17/66	12/53 sh	19/66	13/55 c
Ankara	23/73	7/44 pc	29/79	11/52 s
Athens	29/82	21/70 s	31/88	23/73 pc
Barcelona	23/73	16/61 c	23/73	15/59 s
Belgrade	28/82	18/64 c	31/88	16/61 c
Berlin	21/70	16/61 r	23/73	14/57 r
Brussels	19/66	13/55 r	19/66	13/55 sh
Budapest	27/80	19/66 c	28/82	18/64 r
Copenhagen	21/70	13/55 c	21/70	11/52 c
Costa Del Sol	27/80	19/66 s	29/84	19/66 s
Dublin	17/62	10/50 pc	19/66	13/55 pc
Edinburgh	18/64	11/52 c	21/70	12/53 c
Florence	30/86	17/62 c	29/84	13/55 pc
Frankfurt	22/71	15/59 r	22/71	13/55 r
Geneva	26/79	13/55 r	19/66	7/44 sh
Helsinki	20/68	11/52 pc	22/71	11/52 c
Istanbul	25/77	16/61 pc	29/84	21/70 s
Kiev	19/66	9/48 sh	22/71	13/55 pc
Las Palmas	26/79	19/66 s	27/80	20/68 s
Lisbon	26/79	18/66 pc	29/84	19/66 s
London	21/70	12/53 sh	21/70	12/53 pc
Madrid	29/82	13/55 pc	33/91	14/57 s
Mallorca	23/73	17/62 c	31/88	18/64 s
Milan	28/82	18/64 r	28/82	13/55 pc
Moscow	19/66	13/55 c	23/73	14/57 c
Munich	24/75	16/61 c	21/70	12/53 r
Nice	25/77	19/66 pc	28/79	14/57 s
Oslo	23/73	12/53 pc	22/71	13/55 pc
Paris	22/71	12/53 r	18/64	8/46 c
Prague	24/75	15/59 sh	24/75	14/57 c
Reykjavik	15/59	11/52 pc	14/57	13/55 r
Riga	19/66	12/53 pc	21/70	12/53 pc
Rome	29/82	17/62 pc	29/84	19/66 pc
St. Petersburg	20/68	12/53 pc	22/71	14/57 c
Stockholm	19/66	10/50 s	19/66	11/52 c
Strasbourg	26/79	16/61 c	21/70	12/53 r
Tallinn	19/66	11/52 pc	21/70	11/52 c
Tbilisi	27/80	16/61 r	29/84	14/57 pc
Venice	28/82	18/64 c	26/79	16/61 r
Vienna	27/80	19/66 pc	24/75	16/64 t
Warsaw	24/75	13/56 pc	24/75	14/57 c
Zurich	24/75	16/61 sh	20/68	11/52 r

Middle East

Abu Dhabi	39/100	26/79 s	39/102	27/80 s
Beirut	25/77	18/64 s	28/79	19/66 s
Cairo	33/91	19/66 s	33/91	18/66 s
Damascus	28/82	13/55 s	31/88	14/57 s
Jerusalem	28/79	13/55 s	27/80	14/57 s
Luxor	40/104	18/64 s	40/104	20/68 s
Riyadh	41/105	23/71 s	42/107	24/75 s

Forecast for Friday through Sunday, as provided by AccuWeather.

Jetstream | Unseasonably Cold | Unseasonably Mild | Heavy Rain | Heavy Snow

North America
Oppressively hot and humid Friday from Boston to Philadelphia with thunderstorms likely; not as hot or humid over the weekend. Dry and hot with blazing sun from the Southwest to the central and southern Plains. Thunderstorms will rumble across the northern Plains and Great Lakes.

Europe
Cool in London Friday with a shower possible, then some sun and milder through Sunday. A developing storm will move from southern Germany to Romania, bringing cloudy, wet, cool weather to all of central and southeastern Europe; heavy rain is likely in Greece and across the Balkans.

Asia
Very hot and humid weather is in store for Korea and most of Japan Friday through Sunday, including Seoul and Tokyo. Warm and humid in Beijing and all of northeastern China with showers and thunderstorms. Drenching rain will continue across eastern Tibet and south-central China.

North America

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Anchorage	18/64	11/52 sh	19/66	11/52 sh
Atlanta	33/91	21/70 t	32/89	22/71 pc
Boston	32/89	22/71 pc	31/88	19/66 pc
Chicago	34/93	21/70 pc	30/86	18/64 pc
Dallas	39/97	23/73 s	35/95	23/73 pc
Denver	37/98	16/61 pc	36/97	16/61 s
Detroit	34/93	20/68 pc	29/84	16/61 pc
Honolulu	29/84	22/71 pc	32/89	24/75 pc
Houston	34/93	23/73 pc	34/93	23/73 pc
Los Angeles	29/84	19/66 s	31/88	17/62 pc
Miami	32/89	25/77 pc	33/91	25/77 pc
Minneapolis	31/88	19/66 pc	31/88	18/64 pc
Montreal	28/82	17/62 pc	26/79	14/57 c
Nassau	33/91	24/75 pc	32/89	26/77 pc
New York	33/91	24/75 pc	36/97	21/70 pc
Orlando	33/91	22/71 pc	33/91	23/73 pc
Phoenix	44/111	29/82 t	42/107	28/82 pc
San Fran	20/68	13/55 s	23/73	13/55 pc
Seattle	22/71	12/53 c	22/71	13/55 pc
Toronto	30/86	17/62 pc	28/79	12/53 c
Vancouver	21/70	8/46 pc	19/66	13/55 pc
Washington	36/97	24/75 s	37/98	22/71 pc

Legends: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hot, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Asia

	Today High C/F	Today Low C/F	Tomorrow High C/F	Tomorrow Low C/F
Almaty	40/104	19/64 s	42/107	21/70 s
Bali	30/86	22/71 pc	29/84	21/70 pc
Bangkok	32/89	24/75 c	32/89	24/75 c
Beijing	34/93	24/75 s	33/91	25/77 c
Bombay	28/82	26/79 r	28/82	26/79 r
Calcutta	32/89	24/75 sh	33/91	24/75 sh
Chiang Mai	32/89	23/73 c	33/91	22/71 c
Colombo	29/84	25/77 r	28/82	25/77 r
Hanoi	30/86	27/80 t	31/88	26/79 r
Ho Chi Minh	32/89	24/75 c	32/89	24/75 sh
Hong Kong	29/82	25/77 t	29/84	24/75 r
Islamabad	43/109	28/82 s	42/107	29/84 s
Jakarta	31/88	23/73 pc	31/88	23/73 pc
Karachi	34/93	27/80 pc	34/93	28/82 s
K. Lumpur	32/89	23/73 pc	32/89	22/71 pc
K. Kinabalu	30/86	21/70 pc	30/86	21/70 pc
Manila	31/88	23/73 pc	31/88	23/73 pc
New Delhi	36/97	27/80 pc	36/97	28/79 pc
Phnom Penh	32/89	24/75 r	32/89	24/75 c
Phuket	32/89	24/75 c	32/89	24/75 c
Rangoon	33/91	25/77 c	32/89	24/75 c
Seoul	28/82	18/64 pc	29/84	21/70 pc
Shanghai	32/89	27/80 r	31/88	26/79 r
Singapore	31/88	22/71 pc	31/88	22/71 pc
Taipei	33/91	24/75 pc	32/89	24/75 pc
Tokyo	29/84	24/75 t	25/77	22/71 r
Vientiane	30/86	26/79 t	30/86	26/79 r

Africa

Algiers	29/84	16/61 s	27/80	18/64 s
Cape Town	19/63	4/39 pc	11/52	8/46 r
Casablanca	24/75	18/64 s	27/80	21/70 s
Harare	19/66	13/55 c	18/64	11/52 sh
Lagos	27/80	22/71 r	29/84	23/73 r
Nairobi	24/75	9/48 pc	26/79	11/52 pc
Tunis	37/98	22/71 pc	29/84	19/66 pc

Latin America

Buenos Aires	10/50	-1/31 s	13/55	2/35 pc
Caracas	31/88	24/75 s	31/88	25/77 t
Lima	21/70	16/61 pc	20/68	17/62 c
Mexico City	26/79	15/59 sh	21/70	14/57 c
Rio de Janeiro	27/80	19/66 s	26/79	19/66 s
Santiago	14/57	8/43 sh	13/55	3/37 sh

Oceania

Auckland	13/55	8/46 pc	13/55	9/48 r
Sydney	15/59	7/44 pc	13/55	9/48 r

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NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
SINGAPORE	S$	146	82	43%
SPAIN	PTAS	11,700	5,000	57%
SWEDEN	SEK	832	350	58%
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THE AMERICAS

Huang Saw CIA's Raw China Data

Officer Didn't Know Others Wanted His Access Restricted

The Associated Press

WASHINGTON — The intelligence officer who provided John Huang with hundreds of classified reports on Asia told Senate investigators that he had never been told that the Democratic Party fund-raiser's boss in the Commerce Department wanted him "walled off" from matters involving China.

"John Dickerson, the Central Intelligence Agency officer who was detailed to the Commerce Department when Mr. Huang worked there in 1994 and 1995, said Mr. Huang probably had been shown between 370 and 550 raw intelligence reports, mostly on trade and economic matters.

"He had an interest in China because that is where he came from," Mr. Dickerson said in a Senate deposition. "He is an ethnic Chinese and was born there, had worked in Hong Kong." Mr. Dickerson said that the level of Mr. Huang's interest in intelligence on China "might have been a bit higher" than his interest in some of the other countries in his area of responsibility for Asian trade.

In testimony Wednesday before the Senate Governmental Affairs Committee, Paul Buskirk, acting security director at the Commerce Department, said that in hindsight he regretted that Mr. Huang had received a top-secret security clearance without the usual background investigation having been conducted overseas.

"In hindsight, there was a rock that was not turned over," Mr. Buskirk said.

Investigators have been tantalized by the access that Mr. Huang had to classified information, by his links with the Indonesian-based Lippo Group and its Chinese ties, and by the circumstances in which he received a top-secret security clearance at the Commerce Department.

The issue is being investigated because contributions to federal campaigns by non-U.S. companies are illegal, although U.S.-based subsidiaries of overseas companies may contribute to U.S. campaigns from their net U.S. profits.

Senator Thad Cochran, Republican from Mississippi, disclosed that Mr. Huang had been recommended to President Bill Clinton's administration as a "must hire" by the Democratic Party.

Gary Christopherson, a former White House associate personnel director, testified that Mr. Huang had been treated as a "high-priority" hire because he was an Asian-American who could bring diversity to the administration and not because of his Democratic Party work.

"Even if he had never touched the campaign, he still would have been recommended for the position," Mr. Christopherson said.

In his Senate deposition, Robert Gallagher, Mr. Dickerson's White House boss, disclosed that at one point, Mr. Huang's superiors suggested he get a security clearance higher than top secret, something that would require an extensive background investigation, but that Mr. Huang did not want it.

Army General Is in Line for Joint Chiefs

New York Times Service

WASHINGTON — Defense Secretary William Cohen will recommend that General Henry Shelton of the army, who commanded the operation in Haiti in 1994, be the next chairman of the Joint Chiefs of Staff, a top official says.

General Shelton, 55, had been considered a dark horse to succeed General John Shalikashvili, whose second two-year term expires in September, but he emerged as the favorite after the initial choice, General Joseph Ralston of the air force, removed himself from consideration after it was disclosed that he had carried on an adulterous affair in the mid-1980s.

General Cohen will probably meet with President Bill Clinton this week to urge the nomination, the official said. General Shelton heads the U.S. Special Operations Command at MacDill Air Force Base in Florida, which oversees the army's Green Berets, the navy Seals and other elite special forces.

He was a platoon leader in Vietnam in 1966 and 1967 and earned numerous medals.

Cosby Reveals a Secret: Fling Cost Him $100,000

By Benjamin Weiser
New York Times Service

NEW YORK — For more than 20 years, Bill Cosby said, he kept a secret: that he had had a brief affair with a fan named Shawn Thompson, who told him she had given birth to their child, Autumn, and that she had made threats to reveal their relationship unless he gave her money.

The entertainer, who built his career around his image as a loving and unerring father, denied that Autumn was his daughter.

But he told a federal court jury in New York City on Tuesday that he paid Ms. Thompson more than $100,000 over the years to keep her quiet, and that he sent money for Autumn as well.

Then, late last year, Mr. Cosby said he began to get calls from Autumn Jackson, then 22. Ms. Jackson is charged with threatening that she would sell a story to The Globe, a supermarket tabloid, that she was the actor's out-of-wedlock daughter unless he paid her $40 million.

Mr. Cosby testified that he had told his wife, Camille, about his affair 17 years ago, but that his real fear was that Ms. Thompson "would go public" and damage his reputation. Prosecutors led Mr. Cosby through his career and what he called his emphasis on "the moral values" and "the family values" in his films, television work, books and even commercials.

The jury seemed rapt as he described being torn between his anger at Ms. Thompson and her constant demands for money — linked to implied threats that she would break her silence about their affair — and some sort of obligation to her daughter. He said he told Ms. Jackson several years ago: "Autumn, I am not your father. I will be for you a father figure, but I am not your father."

Judge Barbara Jones has excluded testimony on the paternity issue, ruling that it was irrelevant to the extortion case. But she has permitted the defense to try to show that Ms. Jackson believed she was the actor's daughter, as a way of explaining her actions in what she contends was a lawful negotiation of her rights.

In a new disclosure, Mr. Cosby acknowledged that he arranged to have a paternity test with Ms. Thompson and Ms. Jackson some years ago to clear up the issue. But he said he canceled the test because he feared that some "bounty hunter" would find out and "go to the tabloids" with the story.

POLITICAL NOTES

Last Word on Foster: Suicide, Starr Finds

WASHINGTON — "Mr. Foster committed suicide by gunshot in Fort Marcy Park, Virginia, on July 20, 1993."

That is the long-awaited conclusion issued by the office of Kenneth Starr, the independent counsel investigating the Whitewater affair, after an exhaustive investigation into the unexpected death nearly four years ago of Vincent Foster Jr.. Mr. Foster, the deputy White House counsel, was a close friend of President Bill Clinton and his wife, Hillary Rodham Clinton.

Mr. Starr's office issued a brief statement, offering no details beyond the stark conclusion that Mr. Foster died by his own hand, after delivering late Tuesday what it described as a comprehensive report on his death to a special panel of the U.S. Court of Appeals for the District of Columbia Circuit.

Officials expect the court panel to make the report public after Mr. Foster's family and other interested parties have a chance to comment in its findings. *(WP)*

Wilfredo Lee/The Associated Press

Secretary of State Madeleine Albright and Jesse Helms, head of the Senate Foreign Relations Committee, at a softball game of their staffs.

Clinton Will Battle Helms on Nominee

WASHINGTON — Setting the stage for a confrontation with the powerful chairman of the Senate Foreign Relations Committee, President Clinton has decided to go ahead with the nomination of the governor of Massachusetts, William Weld, as ambassador to Mexico, the White House said Wednesday.

Mr. Weld, a Republican, challenged Mr. Clinton publicly Tuesday to proceed with his nomination despite the opposition of the panel's chairman, Jesse Helms, Republican of North Carolina. Mr. Weld, who said he would accept no other position, was responding to reports the president might bow to pressure and nominate someone else for the sensitive post.

Mr. Helms has branded Governor Weld as soft on drugs, and has vowed to kill the nomination by refusing to hold a committee hearing on it.

"The president is going to stand up and fight for Governor Weld," the White House press secretary, Michael McCurry, said Wednesday.

Mr. Weld, a moderate, also took on Mr. Helms on Tuesday. Speaking at the Massachusetts statehouse, he said the senator's opposition had nothing to do with drug policies. "It has everything to do with the future of the Republican Party," he said. "In plain language, I am not Senator Helms's kind of Republican." *(Reuters, NYT)*

Accord on Medicare

WASHINGTON — President Clinton and Senate Republicans have agreed to work together on legislation to charge higher Medicare premiums to affluent elderly people, even though House Democrats and some liberal Democratic senators dislike the idea.

At a White House meeting, Mr. Clinton and congressional leaders from both parties said they would try to finish work this month on legislation to balance the budget and cut taxes.

"In principle," Mr. Clinton said, "I support means-testing" of Medicare. And he said more clearly than ever that he hoped to devise some arrangement to charge higher premiums to higher-income beneficiaries.

After the meeting, the Senate majority leader, Trent Lott, Republican of Mississippi, said, "We can probably find some agreement on means-testing for Medicare." *(NYT)*

Quote/Unquote

Mel Reynolds, a former Democratic representative from Illinois who is already serving a five-year sentence for having sex with an underage campaign worker, pleading for leniency before being sentenced to the minimum six and a half years in prison for bank fraud and campaign violations: "Who will take care of my babies?" *(AP)*

Away From Politics

• **A former Miller Brewing Co. executive** in Milwaukee was awarded $26.6 million — about three times what he had sought — by jurors who decided he did not deserve to have been fired for telling a female co-worker about a "Seinfeld" episode with a racy plot twist. Jerold Mackenzie was fired from his $95,000-a-year job in 1993 after he told Patricia Best about the episode and she complained. *(AP)*

• **Video stores in Oklahoma City** that lost copies of "The Tin Drum" in a police seizure want a federal judge to throw out a lower court decision that ruled the Oscar-winning film to be obscene. The Video Software Dealers Association, which represents the stores, filed a class-action lawsuit that accused the Oklahoma City police department of conducting an illegal search and seizure on June 25. *(AP)*

• **The number of death row inmates** released from prison on the strength of new evidence has risen sharply in recent years, in part because of DNA analysis, a study released by an anti-death penalty group has found. *(LAT)*

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Legislature Votes Down Hong Kong Labor Rules

Lawmakers Named By Beijing Suspend 4 British-Era Acts

Compiled by Our Staff From Dispatches

HONG KONG — The new legislature backed the territory's chief executive, Tung Chee-hwa, on Wednesday by striking down several laws protecting labor rights that were passed in the final days of British rule.

Members of the Provisional Legislative Council, appointed by Beijing, voted 38 to 9 to suspend four of seven laws that were enacted shortly before China took control of Hong Kong on July 1 and replaced the elected legislature.

Three of the four suspended laws concern labor rights and involve the right of unions to bargain collectively with employers on wages and benefits on behalf of employees and to use union funds for political activity. The fourth one deals with individual rights.

But the legislature refused to suspend two other labor-rights laws and another pre-handover law halting land reclamation in the Hong Kong harbor. The two labor laws that survived the vote increase compensation for victims of occupational deafness and declare May 1 a legal holiday.

Mr. Tung's administration had recommended that the seven laws be suspended through October to give him time to draw up new legislation. His government argued that the laws would harm Hong Kong's economic competitiveness.

Pro-democracy activists protested the vote, with some shouting at legislators at the start of the session and others later presenting a petition with 12,000 signatures to Mr. Tung's office urging him not to suspend the labor laws.

Lee Cheuk-yan, secretary-general of the Confederation of Trade Unions, said freezing labor rights meant "the death of rule of law in Hong Kong."

During the legislative session, Leung Kwok-hung of the April 5th Action Group stood up in the visitor's gallery and shouted: "The Provisional Legislature is a rubber stamp! Return the power to the people! Shame on the Provisional Legislature!" He was expelled by guards. *(Reuters, AFP)*

Bobby Yip/Reuters

Members of the Democratic Party protesting Wednesday in Hong Kong against the repeal of labor laws.

Gunfire Erupts at DMZ In Hourlong Exchange

Korean Clash Is the Most Serious in Years

Compiled by Our Staff From Dispatches

SEOUL — South and North Korean troops engaged in an hourlong exchange of gunfire Wednesday in one of the most serious border clashes in recent years, the South Korean Defense Ministry said here.

North Korea said several of its soldiers had been wounded in the exchange along the central part of the border between the two Koreas, the world's most heavily armed frontier. No South Korean casualties were reported in the shooting, for which each side blamed the other.

Southern border guards spotted at least seven North Korean soldiers on the southern side of the Demilitarized Zone and ordered them by loudspeaker to withdraw, the ministry said. When the North Korean soldiers continued moving southward, it said, South Korean soldiers fired about 200 rifle shots into the air as a warning.

The North Koreans fired rifles at the South Korean soldiers, the ministry said, and the Southern guards then directed machine-gun fire at the Northerners.

Northern soldiers at a guard post across the border returned fire with a round from a recoilless rifle, about 10 mortar rounds and two more rounds of unidentified artillery, the ministry said.

South Korean troops also fired one round from a recoilless rifle, it added, and the exchange finally ended after the Southern side broadcast a cease-fire proposal.

Pyongyang denied that its troops had crossed the border. A radio report said the soldiers were carrying out normal reconnaissance when South Koreans opened fire.

"From this attack, several soldiers were injured, and several guard posts were destroyed," it said.

"This incident is an intentional and grave violation of the military armistice, and we make clear that all blame lies with North Korea," a South Korean Defense Ministry spokesman, Kang Jun Kwon, said.

Seoul accused the North of heightening border tensions with serious provocations. "We strongly warn that we will never tolerate any provocation in the future," Lieutenant General Joung, Young Moo said.

Political analysts in Seoul said the incident had been engineered by Pyongyang mainly to rally domestic support behind the leader Kim Jong Il at a time of famine and economic collapse.

"Threatened by famine and a collapsing economy, Pyongyang needs to whip up a war atmosphere to tighten control," said Kim Chang Su, a fellow at the Korea Institute for Defense Analysis in Seoul.

By raising tensions, the analysts said, North Korea also hoped to persuade Washington to open further channels of communication to deal with security issues.

Around 37,000 American troops are stationed in South Korea, but no U.S. forces were involved in the clash.

The shooting occurred just three weeks before the two Koreas, the United States and China were to hold talks intended to pave the way for peace negotiations.

Officials from the four nations are scheduled to meet in New York on Aug. 5 to work on an agenda and other procedural details for their talks aimed at thrashing out a peace arrangement to bring a formal end to the Korean War. South Korea has promised huge economic benefits for the North if it improves ties.

Analysts said it was unlikely the shooting would derail the peace process. *(Reuters, AP)*

BRIEFLY

Hong Kong Easier on Children

HONG KONG — Beijing and Hong Kong agreed Wednesday to allow more children who were born on the mainland to enter the former colony, a senior immigration official said.

But the Hong Kong immigration director, Regina Ip, said in Beijing that the two sides had not agreed on the size of the increase. In comments carried by Hong Kong media, she said the Public Security Ministry of China "will undertake an overall review" and "will come to a decision at the end of the year."

Hong Kong's Basic Law, the new constitution in effect since China resumed control of the former British colony on July 1, allows mainland-born children the right of abode if they have a parent with legal residency rights in Hong Kong. *(Reuters)*

Hanoi Convicts 5 as Terrorists

HANOI — Two people have been sentenced to death and three have been jailed for life on terrorism charges in southern Vietnam, an official said Wednesday.

The official at the Ho Chi Minh City People's Court said the five were involved in a grenade attack in a city park in 1994 in which nearly 20 people, including 10 foreigners, were wounded. *(Reuters)*

Taiwan Extradites Hijackers

BEIJING — China said Wednesday that it would try two mainlanders who were repatriated from Taiwan after hijacking airliners to the island in the early 1990s.

The hijackers, who had been in detention in northern Taiwan, arrived by boat in the first such extradition across the Taiwan Strait. *(AFP, Reuters)*

Beijing Open to Rights Talks

BEIJING — China is ready to hold talks on human rights with any group as long as those discussions are based on mutual respect and equality, a top Chinese human rights official said Wednesday.

Zhu Muzhi, who returned from a European trip that included the first meeting between Chinese officials and representatives of Amnesty International, said he expected an end to differences over human rights even though disputes could not be ironed out overnight. He is the president of the nongovernmental China Society for the Study of Human Rights. *(Reuters)*

Ramos Firm on Death Penalty

MANILA — President Fidel Ramos on Wednesday rejected calls by Roman Catholic bishops to block the execution of convicts on death row, saying the death penalty must be carried out.

Congress in 1994 passed a law restoring capital punishment for such crimes as murder, rape and drug dealing. Executions are to be carried out by lethal injection. The first will probably take place in the first half of next year, officials said. *(AFP)*

For the Record

An Indian judge investigating the world's deadliest in-flight collision said he had turned over his findings to the government. In November 1996, 349 people died when a Kazak jetliner approaching the New Delhi airport collided with a departing Saudi Arabian Boeing 747. *(AP)*

Korean Airlines was ordered to pay 136 million yen ($1.19 million) in damages by a Tokyo court to the families of four Japanese passengers killed when a KAL jet was shot down over the Soviet Union in September 1983. *(Reuters)*

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Top Seoul Court Overturns Same-Name Marriage Ban

The Associated Press

SEOUL — South Korea's highest court struck down a 14th-century law that prevented people with the same surname from marrying one another, ruling Wednesday that it was unconstitutional and outdated.

The decision affected an estimated 60,000 couples who live together but whose clan names had kept them from marrying even though there was no evidence of blood ties.

The law was written in 1308, when inbreeding was a concern because people lived in isolated villages for generations. It has had a major impact in a country where most of the 44 million people share a few dozen surnames. One out of every five people is a Kim — the most common name — while Lee and Park respectively are shared by about 15 percent and 8 percent of the population.

Calling the law unconstitutional and outdated, the Constitutional Court ordered it revised by the end of 1998. "The nation must allow people the freedom to marry those they love," said the lead judge, Kim Yong Jun. "The ban on same-name marriages violates the right to pursue happiness."

About 40 backers of the law picketed the courthouse, arguing that allowing same-name marriages would wreak havoc on South Korea's Confucian society.

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Jews Break Silence on Shanghai Era

Survivors Who Fled Nazis Recount Misery of Their Improbable Haven

By Henry Chu
Los Angeles Times

SHANGHAI — Ingrid Wilmot stopped eating apple cores just a few years ago. She had picked up the habit as a girl in this free-wheeling treaty port during World War II, when food and dignity were scarce among the Jews who had fled to China from the Nazi juggernaut in Europe.

They came by the thousands to the only city on Earth that would accept them without passports or visas — no questions asked. Shanghai, den of vice and iniquity, opium addicts and imperialists, was their improbable haven.

But in 1943, to appease the Nazis, the city's Japanese occupiers rounded up the newly arrived Jews into a ghetto. For two years, 18,000 Jews, most of them from Austria, Germany and Poland, battled squalor, fear and want in Hongkew, on Shanghai's northeastern fringe, half a world away from the Holocaust in Nazi-controlled Europe.

They fought diseases so virulent that even bananas and oranges had to be soaked in chemicals for an hour before being eaten. They sweated out rumors that they might all be deported without warning. They suffered at the hands of a capricious Japanese overseer.

Yet they nearly all survived to see the end of the war, a testament to human resilience — and to the fact that their Japanese captors, who brutalized the Chinese, were less monstrous toward the Jews, despite Nazi proposals to slaughter them.

"The conditions in Shanghai were terrible, but it was not Auschwitz," said Ms. Wilmot, who eventually settled in the Los Angeles area after the war. "So you have to be grateful."

Scholars are scrambling to preserve stories like Ms. Wilmot's and those of other Shanghai ghetto survivors.

After half a century of reluctance by many to speak out about the past, and limited access to records and material in China, a new urgency has taken hold to save a slice of history unknown even to many Jews.

Academics have begun collecting oral histories. Survivors are writing memoirs. Diplomatic ties between China and Israel, established only five years ago, have finally made scholastic exchanges possible between the two countries.

"It was always felt that anybody who was not in a concentration camp wasn't a true survivor," said Evelyn Pike Rubin, author of "Ghetto Shanghai," an account of her childhood in Hongkew. "And we in Shanghai felt that a little, too. I wrote my book because I felt it was a story of the Holocaust that's a little different — and that needed to be told."

For her and thousands of Jews who escaped to China, the story started Nov. 9, 1938, with the Nazi rampage in Germany known as Kristallnacht, when Jewish businesses were destroyed and synagogues burned down in one of the Nazis' first pogroms. Terrified Jews began looking for a way out.

Word quickly spread that cosmopolitan Shanghai, even under its new Japanese rulers, placed no restrictions or quotas on Jewish immigrants.

Indeed, thousands of Jews were already living in Shanghai by the 1930s.

Sephardic Jews like the Sassoons and the Kadoories landed here in the mid-19th century, founding vast financial empires trading in silk, tea and opium. Decades later, Russian Jews poured in, on the run from political upheavals at home.

In early 1939, Heinz Joachim Cohn, then 12, watched as his father, Carl, sold the rest of his once-successful hat factory in Berlin and used the cash to buy train tickets for his family to Italy. Then, with hundreds of other Jewish refugees, the Cohns boarded the Conte Biancamano in Genoa and set sail for Shanghai.

> **'The conditions in Shanghai were awful, but it was not Auschwitz. So you have to be grateful.'**

"It took four weeks to get to China," Mr. Cohn said.

Relief groups funded by American and local Jews met the new arrivals and processed them at Embankment House. Those without sponsors or relatives in Shanghai were shipped to one of several shelters across the city.

The dormitories teemed with more people than could fit. At the Ward Road facility in Hongkew, scores of men shared a single washroom, said Mr. Cohn, who spent five years there. Scarlet fever killed 100 people in the various shelters in 1939.

The luckier refugees had brought jewelry and furs to pawn or skills to put to immediate use, which enabled them to buy houses and apartments outside Hongkew, a rundown district badly damaged in bomb attacks by Japan.

Some, like Ms. Wilmot, whose father had been an executive with Bally shoes in Vienna, settled in Shanghai's fashionable French Concession, with servants and spacious accommodations.

But most stayed in Hongkew, site of the future ghetto, relying on menial work or charity to eke out reduced existences. Mr. Cohn, barely in his teens, pulled in a meager wage mixing ash and water to mold into coal briquettes for stoves.

For a while, the refugee community thrived alongside the established Jewish enclave. Children attended British-run Jewish schools. Synagogues held services on Friday evening. There were Zionist youth groups, Jewish recreational clubs, musical and theater performances, dances, boutiques, kosher butcher shops and several Jewish publications.

"We had a wonderful life in Shanghai," said Michael Medavoy, 78, who had arrived as a Russian immigrant in the 1920s, and whose son, the movie mogul Mike Medavoy, was born in Shanghai.

But in 1941, after more than 15,000 Jewish immigrants had arrived in the previous two years — an influx that some Jewish relief groups had tried to stem for fear of overcrowding — the war in the Pacific broke out. Food was rationed and foreign aid to Jews was cut off.

In 1942, Colonel Josef Meisinger, the Nazi who had been in charge of the Polish ghetto in Warsaw when up to 500,000 people died or were deported to extermination camps, visited Shanghai.

He proposed that Japanese officials round up all Shanghai's Jews as they worshiped on Rosh Hashanah, the Jewish New Year, and set them adrift on barges to starve or ship them to a concentration camp to be set up on nearby Tsungming Island.

Exactly why the Japanese resisted Colonel Meisinger's recommendations remains a source of debate.

Some say Japan still harbored a sense of gratitude to the Jews because Jacob Schiff, a prominent Jewish American, had lent Tokyo money in the 1904 Russo-Japanese War.

Others attribute it to a desire to use the refugees as a hedge with America, where the Japanese government believed Jews exercised great influence on Washington.

But the Japanese commanders did bow to continued Nazi pressure by ordering, on Feb. 18, 1943, that all recently arrived, undocumented refugees — which did not cover the Sephardic and Russian Jews who had come a generation earlier or more — move to the tiny ghetto in Hongkew within three months.

Starvation and contagion there killed 1,000 people, mostly elderly and infants, by the end of 1944, according to Pan Guang, dean of the Center of Jewish Studies in Shanghai.

"The Japanese had to do something because Hitler was an ally," Mr. Pan said.

When the war ended in Asia, many of the Jews in Hongkew expressed anger that they had not waited out the war in Europe. But when word of the Holocaust trickled to Shanghai, the enormity of what they had escaped filled the Hongkew Jews with a terrible sense of awe, relief — and guilt.

That guilt lingered for decades, resulting in years of silence after virtually all the ghetto survivors left China in the late 1940s, mostly for the United States and Israel.

Around the world, Hongkew refugees still gather for reunions.

"I have my life to thank to the Chinese people," said Mr. Cohn, "because if it weren't for them, I wouldn't be able to tell this story."

هكذا من الاصل

EUROPE

Nazi Gold: Probe Shifts Continents

Files Implicate Banks In U.S. and Canada

By Anthony DePalma
New York Times Service

TORONTO — Newly declassified American documents for the first time implicate the Federal Reserve Bank of New York and the Bank of Canada in Ottawa in attempts to launder tons of gold that the Nazis looted during World War II, according to the World Jewish Congress.

While the Federal Reserve Bank would not comment on the disclosures, the Bank of Canada, Canada's central bank, has begun an investigation.

Bank officials are searching for evidence that the Nazis used the bank to disguise the origin of gold confiscated from countries they occupied during the war. The bullion may also have contained gold taken from individual victims of the Holocaust.

Documents from the National Archives in Washington examined by the World Jewish Congress had exposed Swiss collaboration with the Nazis. But the new disclosures, made Monday by the World Jewish Congress, mark the first time the trail has been followed to North America, and raise both legal and moral questions about the involvement of Canada and the United States in the Nazi plundering of Europe.

"It is inconceivable to me that their gold experts weren't aware of what was behind these transactions," Elan Steinberg, executive director of the World Jewish Congress, said in reference to American and Canadian bank officials. "We have moved beyond legalisms, and whether by the strict sense of the law it was appropriate, to a moral and human dimension of whether it was proper."

The World Jewish Congress in New York has examined more than 14 million documents and has worked with Stuart Eizenstat, the undersecretary of commerce who directed a recent study of the Swiss handling of Nazi assets.

William Slany, the chief historian working with Mr. Eizenstat on the study, said he was not aware of the newly declassified documents concerning North American banks. But he said that after the Allies warned neutral countries like Portugal not to deal with the Nazis, there were attempts to disguise such transactions.

According to a Sept. 10, 1944, document from the American Overseas Special Services office (marked "from a very confidential source") that was declassified in January, the Portuguese central bank regularly bought gold that the Germans held in the Swiss National Bank.

In the transaction involving Canada, the Portuguese bought four tons of Nazi gold in Switzerland. The Swiss instructed the Bank of Canada to transfer to a Portuguese account the equivalent amount of gold that the Swiss held in Ottawa since before the war. Later two more tons were moved this way.

Mr. Steinberg said that the swaps involving the Federal Reserve Bank of New York were much the same. According to declassified documents, after Portugal bought 15.5 tons of Nazi gold, the Swiss National Bank wired the Federal Reserve Bank to move that amount from its account to the Bank of Portugal account.

At no time did gold bars, some marked with the hammer and sickle of the Soviet Union or the symbols of occupied countries, actually cross the Atlantic, Mr. Steinberg said.

Despite warnings from the Allies, Portugal is believed to have traded freely with Germany. In 1939, Portugal had no gold on deposit with the Federal Reserve Bank of New York. By war's end in 1945, the Portuguese account in New York held 257 tons of gold, according to declassified documents from the U.S. Embassy in Lisbon.

■ U.S. Refuge for Bank Guard

The U.S. House of Representatives has approved and sent to the president a measure that would give permanent residency to a former Swiss bank guard harassed in his own country after rescuing Holocaust-era documents, The Associated Press reported from Washington.

The legislation, which President Bill Clinton is expected to sign, grants sanctuary to Christophe Meili, 29, his wife and two children.

Mr. Meili discovered in January that the Union Bank of Switzerland was shredding documents dating from the years before World War II. He secretly retrieved some of the material and gave it to a Jewish organization.

Mr. Meili was dismissed from his job after turning over the documents, and Swiss prosecutors are investigating him for possibly violating Swiss bank secrecy laws. He has been denied other employment in Switzerland and, after receiving numerous death threats, fled with his family to the United States.

Vladimir Mashatin/Agence France-Presse

The U.S. astronaut Michael Foale, left, and the Russian cosmonauts Alexander Lazutkin, center, and Vassili Tsibliyev conferring from the Mir station on Wednesday with the mission control center in Russia.

Mixed Signals on Mir Repair Mission

NASA Denies Russian Statement It Agreed to Train American

The Associated Press

MOSCOW — Russians officials said Wednesday that NASA had tentatively agreed to have a U.S. astronaut train for a delicate repair mission on the Mir space station.

But officials of the National Aeronautics and Space Administration said that no such agreement had been reached.

The Russians said the U.S. astronaut Michael Foale might be needed for the repair mission because the Russian cosmonaut who complained of heart trouble, Vasili Tsibliyev, was not fit to carry it out.

"We have tentatively agreed that the American astronaut and the Russian flight engineer will have a practice run on Monday, July 21," said the head of mission control in Russia, Vladimir Solovyov. "Then, we'll make a final decision with our NASA colleagues on whether to carry out the space walk."

Repairs designed to restore full power to Mir, a mission twice delayed, are scheduled to begin July 24.

But NASA officials in Moscow and at the Johnson Space Center in Houston said they had not yet assented to Mr. Foale's taking part in the mission, and were still evaluating what would be expected of him.

For now, said Catherine Watson, a NASA spokeswoman in Moscow, "he can do some basic things, but no official simulations or the actual space walk — none of that's been approved by NASA yet."

Even if NASA does decide to let Mr. Foale participate in the mission, Mr. Solovyov said Russian space officials would not decide until next week whether he would actually take part.

Mr. Foale began making routine preparations Wednesday, which included checking his space suit and studying documents, Mr. Solovyov said.

The two Russians on Mir — Alexander Lazutkin, the flight engineer, and Mr. Tsibliyev, the mission commander — were to carry out repairs to return the craft to full power after a collision June 25 with a cargo ship. But Mr. Tsibliyev, 43, has an irregular heartbeat, and Russian space controllers pronounced him unfit for the repair job, which is expected to take four to five hours, Mr. Solovyov said.

Russian Joins Roll of Defiant Astronauts

By William J. Broad
New York Times Service

NEW YORK — American space experts say they believe that Vasili Tsibliyev, the commander of the Mir space station, has been badly shaken by a series of space failures in recent months and is intent on avoiding a risky repair mission.

If so, they say, he joins a little-known roster of astronauts who have rebelled against Mission Control when faced with heightened risks or tensions in exploring space.

The earliest known instance of defiance was on Apollo 7, in October 1968. The goal of the 11-day flight, quite lengthy by the standards of the day, was to test the Apollo command and service module in Earth orbit as a preparation for landing men on the Moon.

The three-man crew was extraordinarily tense before and during the mission because it was the first manned American space flight after an Apollo capsule burned on the ground during a Florida test, killing three astronauts.

To confound matters, all three got *bad colds in orbit. No astronaut had* ever had one in space before, and it made the commander of Apollo 7, Walter Schirra Jr., extremely testy. He refused to do scheduled tests and carped mightily. He basically would not obey ground control, James Oberg, a Houston-based engineer and space historian, said in an interview.

The next rebellion occurred during the third manned mission to Skylab, a giant space station pioneered by the United States in 1972 after the successful lunar landings. The 84-day mission, from November 1973 to February 1974, set an endurance record and became extremely tense as astronauts fell increasingly behind schedule in doing ambitious tests.

Near the breaking point, the commander, Gerald Carr, told ground controllers that he and his crew were taking a day off, which they did with the radio switched off.

"We looked out the window, took showers and did that sort of thing," Mr. Carr said in an interview. He later he negotiated a new schedule with ground controllers in which no work would be done after 8 P.M.

"We said, 'We want time off to *mess around.*' " he added. "They acquiesced."

The last known rebellion was in June 1995 aboard the Mir station when two Russian cosmonauts, Vladimir Dezhurov and Gennadi Strekalov, were to conduct their sixth space walk *in two months to inspect the outpost's* solar-energy arrays. Tired and edgy, they balked, and ground controllers reluctantly canceled the work.

Mr. Oberg, the historian who is an expert on the Russian space program, said of the pair: "They were fined, in effect, for mutiny. They had to go to court to get their flight bonuses."

Mr. Oberg said he believes that Mr. Tsibliyev, commander of the Mir station, has heart irregularities but, more important, has been shaken by failures to the point that he is losing confidence in his ability to work safely and productively after a number of mishaps, including the crash on June 25 when a supply ship crashed into Mir.

Mr. Oberg said the Mir commander thinks the mission to repair the damage caused by the recent accident should be done by a fresh crew trained on Earth. "He may not see the urgency of it, and neither do I," Mr. Oberg said.

No Problem From French In Bosnia, Americans Say

Paris Is Said to Back Raids on War Criminals

By Joseph Fitchett
International Herald Tribune

PARIS — Washington and Paris are both still committed to seeing NATO forces capture war crime suspects in Bosnia-Herzegovina, U.S. and French officials said Wednesday, playing down a published report that France objected to an allied plan for a second raid to capture Bosnian Serbs who have been indicted by the international tribunal in the Hague.

"Cooperation has been especially good on the issue of war criminals, particularly considering all the tensions we have with France on other alliance issues, and I haven't seen or heard anything to suggest any change," a White House aide said by telephone from Washington.

A French Foreign Ministry spokesman said that there was "no basis" for the allegation, contained in a New York Times report from Washington on Tuesday, that France had declined to support — as "too risky" — a second commando-style operation to seize high-ranking Bosnian Serbs.

The report suggested that the alliance was readying a follow-up raid near Pale, the stronghold of the Bosnian Serbs, on the heels of the capture of an accused war criminal and the killing of another on July 10 in northwestern Bosnia, where British troops lead the North Atlantic Treaty Organization's peacekeeping effort.

Pale would be a much larger challenge: It is the redoubt of the most prominent alleged war criminals among the Bosnian Serbs, including their former president, Radovan Karadzic. Any NATO attempt to seize him would probably encounter significant military resistance.

While the actual arrest would be carried out by special forces from NATO nations, the operation — with its risks of reprisals — could not be launched without the cooperation of the local peacekeeping forces, which are led by France.

The article in The New York Times quoted a senior U.S. official as saying that the French had "pulled back from their readiness to be an active participant" in the planned second strike and speculated that President Jacques Chirac of France might have become more cautious about a military setback in Bosnia after his party's disastrous de*feat in parliamentary elections last* month.

But American and French officials, expressing skepticism about the report, said Wednesday that France had not backed out of any scheduled operation or torpedoed prospects for further action *in apprehending suspected war crim*inals, even heavily guarded figures like Mr. Karadzic.

In weighing such actions, officials said, NATO's key considerations included the probability of success in capturing suspects with minimal civilian casualties; the likelihood of being able to deter Bosnian Serb retaliation, and the value of any specific operation in destroying the power base of the hardline leadership epitomized by Mr. Karadzic.

The increased U.S. pressure on the issue of war criminals has coincided with a power struggle inside the Bosnian Serb Republic pitting Mr. Karadzic and his supporters, notably Momcilo Krajinsik, the Serbian member of Bosnia's three-member presidency, against Biljana Plavsic, the woman who succeeded Mr. Karadzic as the Bosnian Serb president and the only leader in her ethnic community who advocates closer compliance with the Dayton peace accords.

U.S. officials have made no secret of their desire to help Mrs. Plavsic if it can be done without exposing her to accusations that she is a U.S. puppet ready to undermine the Serbian cause. A possible way to bolster her position, officials said, is international action to arrest her key opponents — like Mr. Karadzic, who is portrayed by U.S. officials as a man who has parlayed his civil war leadership into a postwar racketeering and smuggling empire.

Any move to capture Mr. Karadzic would require an active French role, and U.S. officials in Washington and in Europe, without providing specifics, said that bilateral consultations about the possibility seemed to be proceeding.

"It's a very sensitive channel, with only two NATO commanders in the loop," the White House aide said, "but certainly everything I've heard suggests that both we and Paris see a need to go further."

Mr. Chirac has consistently prodded NATO to be bolder in Bosnia.

The Clinton administration has tried to avoid any risk of U.S. casualties, with Congressional leaders repeatedly warning against any expansion of the NATO mission in Bosnia that could make American troops a prime target for reprisals.

Recently, however, political pressures have mounted on President Bill Clinton for stronger action ahead of NATO's planned withdrawal from Bosnia next year. A bipartisan group of prominent U.S. politicians, including Bob Dole, the defeated presidential candidate, said this week that the United States should take the lead — and casualties if necessary — in hunting down Bosnian war criminals while NATO still has 31,000 troops in the country.

U.S. Soldier In Serb Area Is Stabbed With a Sickle

Reuters

SARAJEVO, Bosnia-Herzegovina — A U.S. soldier was stabbed in the shoulder in Serbian-controlled territory in Bosnia-Herzegovina on Wednesday by a man wielding a sickle, the NATO-led peace force said.

The stabbing, near Tuzla, was the first direct attack on soldiers in the peacekeeping force since troops conducted a raid last week seeking two Serbs indicted for war crimes. One of the suspects was killed in a firefight, and the other was captured.

The U.S. soldier suffered minor injuries and was treated at an American military hospital, a spokeswoman for the NATO-led Stabilization Force said.

He was attacked from behind after he went outside his living quarters to investigate a noise, the spokeswoman, Sergeant Mitzi Plumlee, said.

"He has been released and returned to his unit for duty," she said by telephone from the U.S. base in the northeastern town of Tuzla. The stabbing followed three bombings in three days apparently aimed at international monitors in Bosnian Serb territory. No one was injured in the blasts, but the violence raised concerns about a possible nationalist backlash over the raid last week.

The Bosnian Serb authorities have expressed outrage over that action.

Despite Glitches, Pathfinder Enjoys Another Stellar Day

Los Angeles Times Service

PASADENA, California — The Mars Pathfinder lander continues to be plagued by computer problems that have slowed communications with distant Earth to a crawl, even as its tiny robot rover sniffs the chemical composition of the rocks around the landing site.

Glenn Reeves, the flight software engineer who leads the team analyzing the problem at the Jet Propulsion Laboratory, said he was confident the recurring glitch that forces the lander's computer to reset itself during data transmissions could be solved.

So far no data have been lost. And what's more, Tuesday "was an excellent day on Mars," according to the Pathfinder project scientist, Matthew Golombeck.

Sojourner, the six-wheeled rover, spent the day analyzing a rock that mission scientists nicknamed Yogi. Preliminary data suggest the rock is much more primitive and, perhaps, more Earth-like than other portions of the Martian landscape.

BRIEFLY

Jospin and Chirac Spar

PARIS — In one of the first open spats of their forced political marriage, President Jacques *Chirac and Prime Minister Lionel Jospin sparred* Wednesday over their political roles.

Mr. Jospin, whose leftist coalition took power in France last month, used a weekly cabinet meeting to lecture Mr. Chirac on their respective prerogatives as spelled out in the constitution, a spokeswoman for the government said.

*Mr. Chirac started the verbal scrapping Mon*day by criticizing some of Mr. Jospin's economic and industrial policies in a television interview on Bastilee Day. On Wednesday, Mr. Chirac reasserted his right as president to criticize the government. *(AP)*

Spanish King Assails ETA

MADRID — King Juan Carlos added his voice Wednesday to the outcry in Spain against the Basque organization ETA, denouncing its guerrillas as contemptible terrorists for their killing of a young Spanish politician.

"His murder was as contemptible as the terrorists who killed him," the king said in Berlin in a speech broadcast on Spanish radio.

A leading Basque nationalist politician said Wednesday that ETA had committed political suicide with the killing of Miguel Angel Blanco, 29, adding that while many Basques shared the dream of an independent homeland, they were repudiating ETA after the attack. *(Reuters)*

Flood Damage Control

WARSAW — Poland's prime minister addressed Parliament on Wednesday to defend his government's response to disastrous floods.

"This flood, which cannot be compared with anything in the past, has not thrown us on our knees," Wlodzimierz Cimoszewicz said.

Deputies began the gathering with a moment's silence for at least 39 people who have died and hundreds of thousands whose homes and livelihoods have been wrecked. Mr. Cimoszewicz said the damage was incalculable. *(Reuters)*

A New Leader in Ukraine

KIEV — Valeri Pustovoitenko, a political pragmatist and close ally of President Leonid Kuchma, was confirmed as prime minister of Ukraine by Parliament on Wednesday.

He won the support of 226 deputies, just attaining the absolute majority he needed in the 450-seat chamber. Addressing the chamber, Mr. Pustovoitenko said that Ukraine would stay on the track of economic reform. *(Reuters)*

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INTERNATIONAL

U.S. Arms Sales in Gulf Risk Being Eroded by China and Others

By John Lancaster
Washington Post Service

KUWAIT — After U.S.-led forces drove Iraqi troops from Kuwait in 1991, this country and other Gulf allies showed their gratitude by spending billions of dollars on American weapons. But U.S. arms merchants no longer can take their wealthy customers for granted: Kuwait is considering the purchase of long-range howitzers from China.

Kuwait's potential purchase of 72 Chinese-made self-propelled howitzers instead of what are widely considered to be superior American, British and South African versions has raised eyebrows among U.S. defense contractors and prompted a personal appeal to Kuwaiti leaders from Vice President Al Gore.

Kuwaiti officials assert publicly that they have not made a final decision and will do so only after each model has been thoroughly evaluated on the basis of cost and performance. In private, however, they say they may end up buying the Chinese weapons for reasons that have nothing to do with range, price or accuracy and everything to do with politics.

Eager to gain a foothold in one of the world's richest arms markets, China has hinted that it will withhold its support at the United Nations for extending trade sanctions against Iraq if Kuwait does not agree to the estimated $300 million purchase, according to Western diplomats and a senior Kuwaiti official who spoke on condition of anonymity. China is one of five permanent members of the UN Security Council — along with the United States, Britain, France and Russia — which votes on the renewal of the sanctions in October.

"Sometimes you get to a state when you feel you're being blackmailed," the senior Kuwaiti official said. "We lean toward the U.S. equipment, but we have to find a way to please the Chinese and not upset them in the Security Council."

The United States is not the only weapons supplier in the Gulf. France and Britain have long been major competitors here. Kuwait has bought armored military vehicles from Russia, tanks from the former Yugoslavia and patrol boats from France.

The Gulf War, however, gave the United States a competitive edge. Arab nations in the U.S.-led coalition that drove Iraqi invasion forces from Kuwait were impressed by high-tech American weapons and grateful for U.S. leadership during the crisis.

American officials also have been successful in persuading Gulf allies to buy weapons compatible with those that would be used by American troops in the event of another conflict in the region.

The partnership has been a profitable one for the United States, the largest weapons exporter in the world. Since 1990, the six nations of the Gulf Cooperation Council — Saudi Arabia, Kuwait, Qatar, Bahrain, the United Arab Emirates and Oman — have signed contracts for $36 billion worth of American arms — 32 percent of the $116.8 billion in U.S. arms exports over the same period, according to an analysis of Defense Department figures by the Washington-based Arms Control Association.

But as memories of the Gulf War fade, U.S. defense contractors have begun to face growing competition from abroad, especially in the realm of such less sophisticated weapons as howitzers and armored vehicles, as Arab allies diversify their suppliers for political and economic reasons.

The U.S.-based Lockheed Martin Corp., for example, is competing fiercely to sell as many as 80 long-range strike planes to the United Arab Emirates in a deal worth about $6 billion. Despite a personal appeal in 1995 by President Bill Clinton to President Zayed ibn Sultan an Nahayan, officials of the emirates said in March that they were seriously considering two European offers.

Kuwait is on excellent terms with the United States; their forces conduct regular maneuvers together. So American officials were surprised to learn recently that Kuwait's Higher Defense Council was leaning toward China's North Industries Corp. to supply it with self-propelled howitzers — tracking vehicles that function as long-range artillery pieces.

The United States has been pushing its M109A6 Paladin model, some of which are deployed in the desert north of Kuwait City to defend it against any invasion from Iraq.

U.S. Army warrant officers who recently examined the Chinese howitzer in Kuwait said they found faulty welds and antiquated radio equipment that would not permit communication with American-made M1A2 tanks used by Kuwaiti and U.S. forces, according to diplomatic sources.

"For sure, those who will use the new artillery pieces, would like to see American technology, but we find we have to please other friends," Deputy Foreign Minister Suleiman Shaheen of Kuwait said in an interview here this week. "China is a power to be reckoned with so it is in our interest to have a relationship with them."

An official at the office of the Chinese defense attaché office in Washington, who would not give his name, refused to comment on the proposed howitzer sale. But he said: "In Chinese policy, we will not impose any political conditions on any country. We want to have normal trade relations with everyone."

News of the proposed purchase set off alarm bells in Washington.

In April, according to Defense News, Mr. Gore wrote a letter to the leadership in Kuwait, saying: "I would like to reiterate my strongest support on behalf of United Defense L.P., a U.S. company which has proposed to provide the 155mm M109A6 Paladin self-propelled howitzer."

MARKET: *Dow Jones Average Hits 8,000*

Continued from Page 1

giving it a value of $174.8 billion. It is axiomatic on Wall Street that a bull market is near an end when investors say "this time is different," but many economists have been explaining the rise in stocks as a result of the end of the Cold War and significant advances in technology that have increased the productivity of American companies and exerted downward pressure on long-term interest rates.

"This is part of the peace dividend," said Alan Ackerman, executive vice president of Fahnestock & Co. "This is part of a high-tech leadership that has set the U.S. apart from most economies in the world, and clearly the low-interest-rate, low-inflation environment has been able to fuel this positive backdrop."

In addition to that positive backdrop, Wall Street's strength and recent sharp gains in the dollar helped European stock indexes to also set record highs Wednesday. (Page 11)

The Dow closed up 63.17 points, at 8,038.88, a record, while the Nasdaq index was 38.52 points higher, at 1,580.63. The S&P 500 was up 10.80, at 936.56.

Fueling the latest rise in the Nasdaq were better-than-expected second-quarter earnings Tuesday from two leading chipmakers, Intel Corp. and Texas Instruments Inc., although the latter is traded on the New York Stock Exchange.

Increasing investment in such productivity-enhancing devices as computers is turning into handsome profits for the American companies such as Intel and Texas Instruments that dominate the technology industry.

In general, second-quarter earnings have been robust, and that is another factor lifting stock prices.

One of the key measures of a stock's value is its annual earnings divided by the number of shares the company has outstanding. This price-to-earnings ratio shows how much investors are willing to pay to buy into a company's income stream.

Currently, the P/E ratio for the stocks in the Dow is about 22, historically a high level but one that might be supported if investors continue to pour money into the market and if alternative investments are not attractive. Although returns have been good in emerging markets and in some of the West European exchanges, currency crises in Asia and weakness in the Continental foreign-exchange sector have reduced those results when translated into dollars.

Not only is the American stock market attractive when compared with overseas equities, but it also looks good when measured against the yields available on bonds in the domestic market. Interest rates are falling, making it hard for bond yields to lure investors away from Wall Street, where double-digit percentage gains in each of the last three years make the 6.47 percent yield on 30-year Treasury bonds seem paltry. Yet Treasury bonds, even at their reduced rates, offer higher interest payments than government bonds from most of the other industrialized countries.

The yield on the 30-year Treasury bond fell below 6.5 percent Wednesday for the first time since December.

The government said the consumer price index, its main measure of inflation at the retail level, rose just 0.1 percent in June, or 2.3 percent for the past year.

Although technologically based productivity gains are widely credited with keeping inflation at bay while unemployment is a modest 5 percent, the statistical evidence does not absolutely confirm this view.

It is generally accepted that data collection has not kept pace with technological advances, but the scope of the error is disputed.

While disinflation over a long period is not likely, the CPI data reduced the probability that the Federal Reserve Board's Open Market Committee would vote to raise interest rates at its August meeting. The Fed did raise rates once this year, in March.

Intel, which reported its second-quarter profit after the market closed Tuesday, was sharply higher. Its results were slightly ahead of the latest expectations, although the company had cautioned of a slowdown as it shifted its emphasis to producing its new Pentium chips with MMX technology. These products are in demand, making Intel's older chips relatively unattractive.

Microsoft's stock was strong on expectations the company would report good earnings Thursday.

One company that reported poor profit results was Eastman Kodak, and the stock market punished its shares, which lost more than 10 percent of their value by late afternoon. Reflecting the view that global competition is keeping a lid on U.S. prices, Kodak's 16 percent drop in profit was attributed to competition from Fuji Photo Film Co. as well as a strong dollar. Fuji's American depositary receipts were higher.

Fatih Saribas/Reuters

HONORED — A Turkish newspaper editor, Ocak Isik Yurtcu, left, walking through the main gate at the jail in Saray to meet the press Wednesday. Mr. Yurtcu, serving a 15-year sentence for his pro-Kurdish paper's reporting, had just received a press freedom award.

UNION: *A Tortuous Road to Next Century*

Continued from Page 1

ister Bulent Ecevit even threatened late Tuesday to annex northern Cyprus and its ethnic Turkish community if the EU proceeds with plans to include the Greek Cypriot government in the first wave of enlargement talks.

The European Commission has declared Turkey ineligible for negotiations on economic and human rights grounds, although it proposed interim measures to intensify economic and political cooperation with Ankara. The EU committed itself to including Cyprus in the first round of enlargement talks three years ago to win Greek support for an EU customs union with Turkey.

Most parliamentarians reacted favorably to the commission's selection of the five countries, indicating that EU leaders were likely to endorse the strategy when they make the final decision in December. Officials said the choices reflect the state of economic and political developments in the East and maintain geographic balance within the Union, as Scandinavian countries have championed the Baltic states and Italy and other southerners have lobbied on behalf of Slovenia.

Money and policies will almost certainly prove more divisive.

As part of his proposed Agenda 2000 to ready the Union for enlargement, Mr. Santer called for significant cuts in farm subsidies, which now account for about half the Union's budget of 86 billion Ecus ($78 billion), to be partly offset by direct income payments to farmers. He also proposed to restrict the number of EU regions qualifying for industrial and development aid. Those measures would free up 75 billion Ecus for a "new Marshall Plan" to help the 10 Eastern countries prepare for membership, he said.

But in a taste of the budget battles to come, the French Farm Ministry immediately rejected the proposed cuts in farm support as unacceptable, while the British foreign secretary, Robin Cook, praised the plan as one that would steer the Union away from costly subsidies and toward freer trade.

But the real obstacle to enlargement remains the Union's lack of political momentum, which has been underscored by the growing tensions surrounding the planned single currency and the failure of EU leaders to streamline decision-making and to curtail national vetoes at summit talks in Amsterdam last month.

"What's missing is the political ambition," said Wilfried Martens, the former Belgian prime minister who leads the Christian Democratic bloc in the European Parliament.

MURDER: *Gay Prostitute Is Sought*

Continued from Page 1

previous link between Mr. Cunanan and Mr. Versace.

However, a journalist, Maureen Orth, who had been researching an article on Mr. Cunanan for Vanity Fair magazine, said on the NBC "Today" show Wednesday that, according to friends, Mr. Cunanan and Mr. Versace had encountered one another a few years ago backstage at the San Francisco Opera.

"I don't believe they were lovers, but I believe they were in the same place at the same time and that they knew each other," she said.

South Beach, with its thriving gay community and wild party scene, is the kind of place Mr. Cunanan could fit in easily. Investigators said Mr. Versace was shot by a white man in his mid-20s, dressed in a white or gray shirt and dark shorts and carrying a backpack.

For three months, law-enforcement officials say, Mr. Cunanan has been on a murderous coast-to-coast odyssey, suspected of killing the five men and, in three cases, stealing their cars and moving to the next murder scene.

He has been charged with the murder of an architect, David Madson, once his lover, and he is wanted for questioning in the other killings — that of Jeffrey Trail, another former boyfriend, the Chicago millionaire Lee Miglin, and Mr. Reese.

After the murder spree began in late April, the FBI began a nationwide hunt. Fliers have circulated widely in East Coast bars, clubs and health facilities with gay clientele. The FBI said that the brown-haired, brown-eyed fugitive had been sighted several weeks ago in Palm Beach County, north of Miami, so police officials knew he was in the area.

Mr. Cunanan has been described as flamboyant and extravagant, taking an epicurean delight in life. Boyishly handsome, charming to excess, he was a professional party boy, say friends and acquaintances in San Diego, where until four months ago he was a high-flying fixture on the gay circuit. One report said he had used an alias, Andrew DeSilva.

He dressed in garments that seemed certain evidence of good breeding and wealth. He drank, danced and ate out often with large groups of friends, frequently picking up the tab, said Nicole Ramirez-Murray, social editor of The Gay and Lesbian Times in San Diego. She said it was well known in the gay community that Mr. Cunanan was a prostitute with wealthy clients.

"He mastered his craft," she said. "He was the American gigolo."

In an interview with the Chicago Sun-Times in May, his mother, Mary Ann Cunanan, described Andrew as "a high-class homosexual prostitute." And though he had no job, investigators have said that he often handled large sums of money, moving $75,000 in and out of bank accounts this year alone.

He did not leave California until April. He had been living with a roommate in a rented apartment in San Diego and he told friends he would be moving to San Francisco. But first he said he was going to Minneapolis to see old friends. One friend was Mr. Trail, who had been stationed in San Diego while in the navy but who had moved to Minnesota after leaving the service. The other was Mr. Madson.

Investigators believe that Mr. Cunanan stole Mr. Madson's red Jeep. It was found in Chicago, across from the town-house of Mr. Miglin, whose 1994 Lexus was found at the cemetery where Mr. Reese was the caretaker. Mr. Reese's pickup truck was missing.

(NYT, WP, AP, AFP, Reuters)

UN: *Annan Offers a Plan to Clean House*

Continued from Page 1

said. "But the secretary-general can't accomplish all his proposed reforms by himself."

The secretary-general, the first insider elected to the position, is widely believed to have a reservoir of good will to draw on in the organization. But he will be judged by how firm he can be in making appointments, cutting into bureaucratic empires and fending off pressures from governments demanding jobs.

Among several proposals that require action by the 185-member General Assembly and are expected to generate dispute there is the appointment of the deputy secretary-general. Another is the plan to create a revolving fund to carry the organization through financial problems like the one caused by Washington's refusal to pay its dues. Such a fund would rob Congress of some of its power to hold the organization for ransom.

The General Assembly would also have to approve the disbanding or redirecting of irrelevant bodies like the Trusteeship Council, the insertion of "sunset" clauses into new programs and the creation of a high-level ministerial commission to study the workings of UN agencies not under the secretary-general's direct control — among them the World Health Organization, Unesco and bodies dealing with international trade and communications.

Mr. Annan will not need assembly approval to create his governmental-style cabinet, however, or to group the organization's activities under four major headings led by managers of cabinet rank: peace and security, humanitarian affairs, economic and social affairs, and development.

Unicef and the UN Population Fund would come under the oversight of the UN Development Program.

A similar group of relief organizations — the High Commissioner for Refugees, the World Food Program and the Relief and Works Agency in the Middle East — would come under the chairmanship of a new emergency relief coordinator, yet to be named.

BRIEFLY

Turk Party Accused Of Illegal Donations

ANKARA — The Turkish military Wednesday accused the religious Welfare Party of accepting $16 million in illegal contributions from Libya and Syria. The allegation was contained in documents submitted to the supreme court in a case that could lead to the party's closing, the Istanbul newspaper Sabah said.

Turkish laws ban the acceptance of foreign financial assistance by political parties. Welfare officials had no comment Wednesday, but the party has denied that it has foreign financing.

The main allegation in the court case is that Welfare tried to establish an Islamic regime, a violation of the Turkish Constitution.

Welfare led the coalition government that resigned last month under pressure from the military. The military, the self-appointed guardian of Turkey's secular system, opposed Welfare's religious policies. *(AP)*

Sadat Case Fugitive Captured and Tried

CAIRO — The Egyptian police have caught a militant Islamic fundamentalist who spent 16 years on the run after helping to found the group that assassinated President Anwar Sadat, security officials said Wednesday.

The police caught the militant, Hussein Ahmed Hussein, in June and he went on trial on charges related to the assassination Tuesday, they added. Prosecutors say Mr. Hussein was a founding member of the fundamentalist Jihad group, members of which killed Mr. Sadat in 1981. They could not say how he was captured or where he had spent the last 16 years. *(Reuters)*

U.S.-Panama Talks

WASHINGTON — The United States will begin formal talks with Panama this month on turning Howard Air Force Base in Panama into an international anti-drug center with U.S. participation.

The United States will turn over control of the Panama Canal to Panama and withdraw all troops, including from the base, by end 1999. *(Reuters)*

BOEING: *Stalemate in Talks on McDonnell Douglas Acquisition*

Continued from Page 1

that's a very serious matter," said Representative Norm Dicks, whose congressional district includes Boeing headquarters in Seattle. "The American people aren't going to stand for the EU blocking a merger between two U.S. companies."

The commission argues that the takeover is a global issue giving Boeing three quarters of a market worth trillions of dollars over the next quarter of a century and having a direct impact on Airbus Industrie, the pride of Europe's aerospace technology. Since Boeing is a global power that does much of its business in Europe, the commission argues that it has jurisdiction, just as U.S. antitrust authorities can issue rulings governing European companies that do business in the United States.

The commission cannot halt the merger, which was approved by the Federal Trade Commission and the Defense Department in the United States two weeks ago, after Boeing submitted 5 million pages of testimony.

But it can make life difficult for Boeing by imposing fines amounting to billions of dollars and penalizing European companies, including airlines, that do business with Boeing.

Boeing is saying nothing about the negotiations, while issuing bland and reassuring statements, such as the one by a Boeing spokeswoman, Sherry Nebel, after the talks broke down Tuesday: "We're confident we will reach a mutually acceptable solution."

Boeing can afford to take a relaxed attitude while waiting for the acquisition to be made final Aug. 1. It gambles that the Europeans are likely to be divided. For example, will British Airways, which buys all its planes from Boeing, or Rolls Royce PLC, which supplies Boeing with engines, go along with a trade war engineered by the commission?

The four countries that would be most affected by retaliation and counter-retaliation would be the four whose industries participate in the Airbus partnership — Germany, France, Britain and Spain.

Yet, even these countries are having difficulties coordinating their policies and turning Airbus into an independent company that could compete more effectively with the Boeing behemoth.

Airbus claims its planes are better, more modern, more comfortable and more efficient than the planes built by Boeing.

But the word that most sings to airlines is "cheap," and Airbus could probably get its costs down if it operated as a regular corporation. That prospect is up in the air because of the French Socialist government's insistence on hanging on to its ownership of Aerospatiale, one of the lead Airbus partners.

JAPAN: *The Country Anxiously Builds Western-Style Capitalism*

Continued from Page 1

issues of restructuring go much further than economics. They also involve social values of egalitarianism, the creation of a consumer society with better housing and higher living standards, the effort to cultivate a two-party political system, the devolution of power to localities and a looser education system to encourage more critical thinking.

"Japan is caught right now in a serious stalemate, and lots of people see it as virtually the end of the world," said Tadao Ando, a leading architect. "The rules that bind Japan are usually said to be about business, but the more important thing we should discuss is how these rules stifle the Japanese sense of freedom, the sense of our own possibilities."

Some of the broad impact of the changes unfolding in Japan is apparent in the little gas station that Riki Tamura runs in Utsunomiya. Car owners used to be dependable customers, forging a relationship with a service station that would repair their vehicles as well as fill their tanks — a bond nourished by extra attention and occasional free service by the mechanics. Now, instead of relationships, customers want cheap gas. The petroleum industry was partly deregulated last year and self-service stations may be allowed soon as well. Price wars have broken out among stations, and many economists predict that about one-third of them will close in the next decade.

"Almost all gas stations are in the red right now, so I'm worried," Mr. Tamura said as he stood in his office, watching cars sail by on the road outside.

"Now the differences between the good stations and the bad stations have become clear," he said. "When prices were deregulated, we lost the cradle that we'd been rocking in."

For all his anxieties, Mr. Tamura notes that the filling station can benefit from the changes in the marketplace. He points proudly to a little shop the station has opened so customers can buy a few products — like rice. In the past, the law generally allowed only rice shops to sell rice. But that rule was relaxed last year, and now anybody can sell it.

Mr. Tamura is hopeful that his rice sales will save his job. But, down the road, they are helping to destroy the business of Yozo Kaiga. Mr. Kaiga, a pudgy man with a few wisps of gray hair, sat forlornly in his rice shop, sipping hot water and waiting for customers who never came. "My business has dropped 70 percent" since the law changed, he said. "I don't know how to survive."

Mr. Kaiga is worried, but like many Japanese he has concluded that a market-oriented economy is inevitable and essential. "I can't say I'm happy about it, but this is the trend of the times," he said. "Regulation isn't the normal way. There should be competitive markets."

CAMBODIA: *New Co-Prime Minister Seen as Lending Legitimacy to Hun Sen's Regime*

Continued from Page 1

ecuted, in hiding, or in exile, it was unclear who, if anyone, would be available and willing to become co-leader with the erratic and violence-prone Mr. Hun Sen.

Mr. Ung Huot, the foreign minister since 1995, was in Paris meeting with Western aid donors at the time of the coup. He returned Monday.

"I put the interests of my country, my people, above anything else," he said Wednesday. "Above political parties, above my boss, Ranariddh."

"I still respect him," Mr. Ung Huot said of the prince, "but the interests of the country dictate that Cambodia must go on."

Mr. Ung Huot, an Australian-trained telecommunications engineer with a "Mr. Clean" reputation, criticized Prince Ranariddh for carrying on negotiations "behind closed doors" with hard-line Khmer Rouge holdouts in northern Cambodia.

Mr. Ung Huot won backing from another contender for the job, Toan Chay, governor of Siem Reap Province and a member of Prince Ranariddh's party who led a breakaway movement last April. Mr. Toan Chay dropped out of the race to replace Prince Ranariddh because, he said, he was not a member of Parliament and by law could not hold the job.

Mr. Ung Huot's selection must be endorsed by the National Assembly, which is expected to convene this month — if enough members can be found who have not fled the country to make up a quorum. Mr. Ung Huot said he would keep the foreign minister's post as well as being first prime minister.

Mr. Ung Huot's appointment poses a dilemma for diplomats, who must decide whether to continue to recognize Prince Ranariddh as the legitimate first prime minister and demand his reinstatement, or to accept Mr. Hun Sen's violent coup as a fact and start working with Mr. Ung Huot as the only leader left inside Cambodia who can add an element of pluralism and accountability to the government.

هكذا من الاصل

HEALTH/SCIENCE

TOMORROW: LEISURE

A One-Brain, Two-System Approach to Languages

By Sandra Blakeslee
New York Times Service

NEW YORK — As thousands of teenagers who have struggled to engrave high school French on recalcitrant neurons might have guessed, a new study has found that second languages are stored differently in the human brain depending on when they are learned.

Babies who learn two languages simultaneously, and apparently effortlessly, have a single brain region for generating complex speech, researchers say. But people who learn a second language in adolescence or adulthood possess two such brain regions, one for each language.

The findings, described in the current issue of the journal Nature, shed new light on some notoriously difficult questions about brain development: How does the brain organize language in infancy and now are multiple languages represented in the brain? Why do some brain regions appear immutable after childhood, while others appear flexible and malleable in adult life? Why are languages harder to learn later in life?

There have been strong hints that the brain can use separate brain regions for first and second languages, said Dr. Michael Posner, a psychologist at the University of Oregon in Eugene. Bilingual epilepsy patients may, during seizures, lose the ability to speak one language and not another. A stroke victim can permanently lose the ability to speak French but retain English or another language.

"But it's not been known how these separate language areas form in the brain," Dr. Posner said. "Are the languages fused? Do they prime one another? Is one translated by another?"

The study shows for the first time that two languages can be mapped in common neural tissue, Dr. Posner said, adding, "It is very helpful for understanding bilingualism."

The research was carried out by Dr. Joy Hirsch, head of Memorial Sloan-Kettering Hospital's functional MRI Laboratory and her graduate student, Karl Kim. Functional magnetic resonance imaging, or MRI, is a relatively new, noninvasive brain imaging technique that can pinpoint exactly which parts of the brain are active during cognitive tasks such as talking, seeing, waving an arm or daydreaming. Brain surgeons at the hospital are now using the technique to identify critical brain regions so that they will not do more harm than good when removing a tumor or other abnormality.

Of these critical regions, language is perhaps at the top of the list, said Dr. Philip H. Gutin, the hospital's chief of neurosurgery. Some functions such as seeing and hearing are located in both brain hemispheres, he said. When a tumor forms, surgeons can cut out tissue and not do great harm because the other side of the brain will take over.

"But language is a high-rent district," Dr. Gutin said. Some high-level aspects of language tend to be found only on one side of the brain. By removing a spot of tissue smaller than an eraser, a surgeon could excise a region of language production and destroy a person's ability to speak or understand English.

Moreover, language areas are never found in exactly the same spot, Dr. Gutin said. These regions are formed in childhood as language is acquired and are in slightly different spots in different people. Given that a quarter of all brain tumors occur in regions of the brain where language skills might reside, accurate imaging is a must, he said.

To explore where languages lie in the brain, Dr. Hirsch recruited 12 healthy bilingual people from New York City. Ten languages were represented in the group. Half had learned two languages in infancy. The others began learning a second language around 11 and had acquired fluency by 19 after living in a country where the language was spoken.

With their heads inside the MRI machine, subjects thought silently about what they had done the day before using complex sentences, first in one language, then in the other. The machine detected increases in blood flow, indicating where in the brain this thinking took place.

Aspects of language ability are distributed all over the brain, Dr. Hirsch said. But there are some high-level, executive regions that are usually localized in a certain neighborhood on the left side of the brain, but are sometimes found in the same neighborhood on the right side, or on both sides. One is Wernicke's area, a region devoted to understanding the meaning of words and the subject matter of spoken language, or semantics. Another is Broca's area, dedicated to the execution of speech as well as some deep grammatical aspects of language.

None of the 12 bilinguals had two separate Wernicke's areas, Dr. Hirsch said. In an English and Spanish speaker, for instance, Spanish semantics blended with English semantics in the same area. But there were dramatic differences in Broca's areas, she said.

In people who had learned both languages in infancy, there was only one uniform Broca's region for both languages, a dot of tissue containing about 30,000 neurons. Among those who had learned a second language in adolescence, however, Broca's area seemed to be divided into two distinct areas. Only one area was activated for each language. These two areas lay close to each other but were always separate, Dr. Hirsch said, and the second language area was always about the same size as the first language area.

This implies that the brain uses different strategies for learning languages, depending on age, Dr. Hirsch said.

Smoky Plumes Deep in Ocean

By Jane Ellen Stevens
New York Times Service

ABOARD R/V ATLANTIS, off the Azores — A site that is believed to be one of the largest volcanic vent fields in the Atlantic Ocean has been discovered by a team of scientists on a French submersible 7,700 feet below the surface.

An American submersible, Alvin, was nearby when the vent field was found July10. It joined the French submersible, the Nautile, on Friday afternoon to explore the strange ecosystem. Both returned to the site on Saturday for several more hours.

Dr. Richard Lutz, a marine biologist from Rutgers University, described the newly found vent field, named Rainbow, as a 100-meter-square (330-foot-square) area with a forest of more than 100 smoking vents. The images from the Alvin show the yellow Nautile hovering over uneven ground among clumps of brown rocky spires rising upward for one to five feet. Many spewed what appeared to be black smoke into the clear water.

"We've been doing things on each other's submersibles separately for a very long time and it's nice to finally be doing something with both our submersibles together," said Dr. Lutz, one of the chief scientists leading an international team aboard the Atlantis, the American research vessel on which Alvin is based. "I hope this will be the first of many joint expeditions into inner space."

In the Alvin were Dr. Lutz; Dr. Yves Fouquet, a geologist at the Institut Francais pour la Recherche et L'Exploitation de la Mer in Brest and the chief scientist of a European Commission research team aboard the French research vessel L'Atalante, and Alvin's pilot, Matt Heintz. In the Nautile were Dr. Fernando J.A.S. Barriga, a Portuguese geologist from the University of Lisbon, and two French pilots.

The Nautile's robot arm probed one of the vents with a thermometer and found the water to be nearly 600 degrees Fahrenheit (about 315 degrees Centrigrade). The water emerged clear from the vent, but it turned black within a couple of inches as minerals precipitated after hitting the 40-degree ocean water. Because of the extreme pressures at the bottom of the ocean, water boils at a higher temperature there than on the surface.

Scientists began looking for vents in the 1960s because geologists suspected that deep-sea volcanoes existed along a range of undersea mountains that curve around the world at the edge of drifting continental plates. Using remote sensing, they discovered that rift valleys cleaved the mountains, which are spreading at about the rate that people's fingernails grow.

In the valleys, lava oozes and sometimes erupts to create new crust, which cracks as it cools. Into these cracks plunges cold sea water, which is heated by the magma underneath the sea floor. The superheated water shoots out from the ocean floor through vents. Minerals precipitating from the water form fantastically shaped spires, sometimes hundreds of feet tall.

On and around the vents have evolved communities of bacteria, shrimp, mussels, snails, clams, tubeworms and fish that live in constant darkness in a sea of heat and chemicals that would be toxic to most organisms on Earth's surface. In 1977, humans first laid eyes on a vent, in the Galapagos Rift. Since then, people have visited 50 others in the Atlantic and Pacific Oceans.

Picky Eater: New Image for the Great White Shark

By William J. Broad
New York Times Service

NEW YORK — Few animals have the power to frighten people into the cold terror of being eaten alive. But the great white shark does so effortlessly. Its reputation for blood lust is rooted in images of jaws gleaming with rows of razor-sharp teeth, their edges nicely serrated to ease the job of tearing through bone and flesh.

Nature's great killing machine grows to lengths of 20 feet (6 meters) or more and is often viewed as crude and mindlessly malevolent, feeding just as heartily on humans as on fish, seals, whales and sea lions. But new research is challenging that notion and shedding light on the hidden life of the great white, revealing a finicky eater that may find people unpalatable.

Though it is pitiless with prey, lunging and slashing in red-stained water, the species can be quite civil among its own. Scientists have found what appears to be a ritualized competition over kills in which two great whites will forgo attacking one another for a genteel bout of slapping tails on the sea's surface. The biggest splash decides the winner. Such finesse stands in stark contrast to the raw violence among predators like wolves, which can engage one another in bloody fights to the death.

OVER all, scientists say, great whites have been badly misunderstood, wrongly making them the demons of movies and nightmares. Some research has even found evidence that the killers, when thwarted in feeding, get visibly frustrated and agitated, perhaps even sad and dejected.

"We're dispelling myths and learning a lot about how they really live," said Dr. A. Peter Klimley, a biologist at the University of California Bodega Marine Laboratory in Bodega Bay, California, who is a prominent expert on the infamous shark. "They're not stupid feeding machines. They're exquisitely adapted."

Dr. Douglas J. Long, a fish scientist at the California Academy of Sciences who studies great whites, said the new insights, while substantial, still left a greater number of riddles. "For instance," Dr. Long said, "we know virtually nothing about how and where they mate."

Even as scientists seek to unravel the great white's biology, behavior and ecology, a political push is accelerating to protect the beast. The top predator of the sea, it appears to be declining in numbers because of assaults by sport fishermen as well as commercial interests serving a growing international market for white-shark jaws and teeth. California, South Africa and Australia have taken steps to try to save the great white, and other states and countries are considering such conservation efforts.

Its numbers "will inevitably dwindle unless prudent controls are enacted," Dr. Richard C. Murphy, a marine ecologist at the Cousteau Society in Chesapeake, Virginia, wrote in "Great White Sharks," a collection of scientific reports published late last year by Academic Press.

"In addition to being increasingly rare," Dr. Murphy said, "they are majestic preeminent participants in a complicated food web which we, as yet, only partially understand."

Sharks are ancient animals, long predating the dinosaurs. Carcharodon carcharias, or "ragged tooth" in scholarly Latin, is found in temperate waters throughout the world's seas. To find prey, it has sensors known as lateral-line organs that apparently can detect disturbances in sea water at ranges of a mile or more.

Closer to a victim (exactly how close is uncertain), its keen ears can hear thrashing, its sensitive nose can sniff blood, and its eerie black eyes can spy flesh. Powerful muscles send it lunging.

The triangular teeth grow to lengths of two or more inches and are extraordinarily strong. Three layers of enamel crisscross in different directions so the teeth can better withstand impact as well as twisting and bending. If a tooth is lost, a replacement directly behind it will rotate forward in a day or so. New teeth are constantly being formed in this replacement process.

Judging from stomach contents, the beast can indeed devour prey whole, including other sharks and sea lions. Though one of its nicknames is "man-eater" (another is "white death"), no one knows for certain if people are in fact a preferred food.

To explore such questions, scientists in the last decade have increasingly studied the beast's predatory habits. Dr. Klimley of the Bodega Marine Laboratory, working with Peter Pyle and Scot D. Anderson, did a pioneering study near the Farallon Islands, which lie some 30 miles west of San Francisco in one of the most productive fisheries on the West Coast. Video recordings were made of 129 great-white attacks on seals and sea lions, the assaults rich in explosive splashes in bloodstained water.

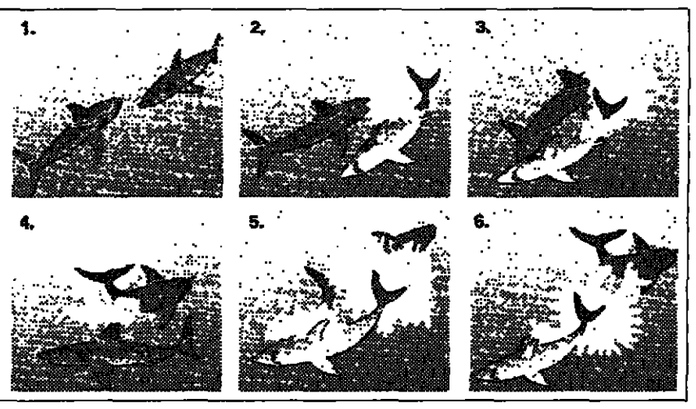
An analysis suggested that a shark near the surface would bite its victim, drag it down bleeding, carry it underwater and perhaps take another bite, then let the carcass float upward. If the victim was still alive, the act might be repeated. The shark's aim, the scientists deduced, was to have the prey bleed to death as soon as possible, minimizing a violent struggle.

In an interview, Dr. Klimley noted that attacks on people often followed a similar pattern — but the sharks, after dragging humans down, bleeding, often let them go.

Dr. Klimley said white sharks might spit out humans, birds and sea otters because their bodies lacked the energy-rich layers of fat possessed by seals and whales. "If they ingest something that's not energetically profitable, then they're stuck with that for a few days" of slow digestion, he said. "Fat has twice the energy value of muscle."

Ritual Combat Over Dinner

After a kill by two male sharks, scientists observed them in a splashing display to determine who got the carcass, first swimming past each other without touching, then rolling over slightly to splash water in the other's direction. The shark that managed to stir up the most water in several passes got the meal.



Source: "Great White Sharks," A. P. Klimley and D. G. Ainley (Academic Press) NYT

BOOKS

STEVEN SPIELBERG: The Unauthorized Biography

By John Baxter. 457 pages. $25. HarperCollins.

STEVEN SPIELBERG: A Biography

By Joseph McBride. 528 pages. $30. Simon & Schuster.

Reviewed by Joel E. Siegel

THE mastering object of Steven Spielberg's life, like that of his movies, is success at the expense of substance. One would expect the saga of the world's richest, most celebrated filmmaker to be packed with challenges and conflicts, the biographical equivalent of his roller-coaster productions. What's surprising, even shocking, about these two hefty tomes is the banality of Spielberg's story, as mundane as the suburbia that spawned him and that he celebrates in his work.

Anticipating a future autobiography, Spielberg and his key associates refused to meet with his present chroniclers — the American film historian Joseph McBride (author of books about Capra, Welles and Hawks) and the Australian-born critic-novelist-broadcaster John Baxter (whose works include studies of Bunuel, Fellini, science fiction movies and gangster pictures). Consequently, these unauthorized biographers were forced to draw heavily on the same pool of previously published interviews, which results in considerable anecdotal overlap in their books.

A tireless researcher, McBride spent three years tracking down more than 300 of Spielberg's teachers, neighbors, colleagues and friends, his zealousness reflected by 50 pages of source documentation and dozens of footnotes. The result is probably more information than anyone cares to know about the filmmaker's early years; it takes McBride 132 type-dense pages to reach his subject's high school graduation. In terms of sheer data, McBride far outclasses his competitor, though his penchant for repetition grows numbing. Operating on the apparent assumption that readers experience amnesia attacks every dozen pages or so, he compulsively recycles incidents and insights that an exacting editor, if any still exists, would have excised.

Drawing on only a dozen or so fresh interviews and sprinkled with careless errors (Albert Brooks did not direct "Broadcast News") Baxter's book is largely a cut-and-paste job based on secondary sources. But the author's geographical and skeptical distance from his subject affords him a perspective McBride lacks. A smoother stylist, Baxter keeps his account moving (his Spielberg finishes high school by page 40), pointedly probes some disquieting episodes in his subject's professional and personal history, and provides a useful artistic and commercial context in which to view the filmmaker's ascent. Each biography has admirable qualities, notably McBride's doggedness and Baxter's detachment, but either will suffice. Plowing through two accounts of this less-than-gripping life can be recommended only to Spielberg obsessives and journalists on assignment.

In interviews, Spielberg whiningly depicts his childhood as a movable trauma. Dragged by his peripatetic, indulgent, ill-mated parents — Arnold, an innovative electrical engineer, and Leah, a frustrated suburban bohemian — from Ohio to New Jersey to Arizona to Northern California, he was academically and athletically inept and, he alleges, tormented continually by youthful anti-Semites. (Many of McBride's informants question the existence of these persecutors.)

Spielberg regards himself, as he does his protagonists, as "Mr. Everyday Regular Fella," and his consensus artistic tastes — he collects Norman Rockwell paintings and Disney animation cels — tend to reinforce this image. Yet, despite his paranoid control of media interrogation, hints of a darker side emerge in both biographies. His sadistic treatment of his three sisters, greedy reluctance to share critical kudos and financial rewards with colleagues, and eagerness to distance himself from troubled associates suggest that he's considerably more complicated than an emotionally stunted Peter Pan who compensates for a dismal childhood by concocting lost-boy screen fantasies.

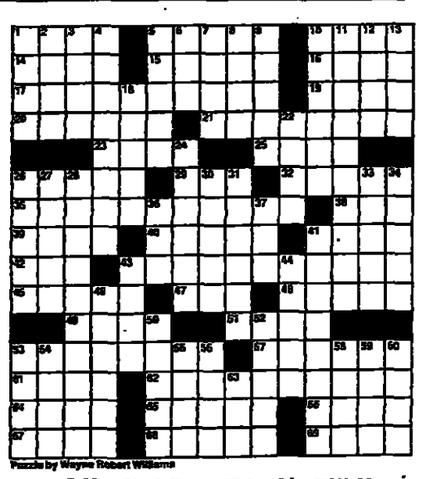
WHAT both books fail to confront is how drastically Spielberg's success has affected American film culture. His strategy of enticing huge international audiences by inflating simplistic, formulaic pop material into blockbuster events movies, then selling off merchandising licenses for additional profit, has inflamed the rapaciousness of Tinseltown bean counters. In 1975 — the year "Jaws" became the most profitable movie ever made — Hollywood produced "One Flew Over the Cuckoo's Nest," "Nashville," "Barry Lyndon," "Dog Day Afternoon," "Shampoo," and "The Man Who Would Be King," adult projects that would stand scant chance of being green-lighted in the post-Spielberg era. The next time you scan the movie listings only to find the multiplex stuffed with footling Spielbergers — cartoonish action pictures, overproduced B-movie monster pictures and saccharine family fare — you're witnessing his legacy.

Joel E. Siegel, who writes about movies, music and books for Washington City Paper, wrote this for The Washington Post.

CROSSWORD

ACROSS
1 Bryn —— College
5 Quick drinks
10 Grouch
14 Prefix with -graph
15 It's the Law
16 —— Bay, Hawaii
17 Back to the start
19 Porch raiders
20 Attacked
21 Breaking out, maybe
22 Group with the 1983 #1 hit "Africa"
25 Sharecrop
26 Sharpen
29 Abbr. in some military names
32 Highways
35 Aerial maneuver
38 Sucker
39 Grounded birds
40 Hebrew leader
41 Spaniard's other
42 Place to winter
43 Some chart analysts
45 Have one's back against the wall?
47 W.W. II arena: Abbr.
48 Indonesian island
49 Like vino tinto
51 Digestive juice
53 Heavy fabrics
57 Whip
61 1988 country album
62 Center of power
64 Military group
65 Take pleasure (in)
66 Muffs
67 Vocal inflection
68 Oodles
69 Keeps company with

DOWN
1 *Tick off*
2 Musical direction
3 Bucket locale
4 Some desks
5 Work period
6 Vert.'s opp.
7 1977 movie thriller with Bo Derek
8 Ready to be mowed, as grass
9 Storage space
10 Mexican cowboy
11 Circus figure
12 High: Prefix
13 Pear variety
18 Take over, in a way
22 The marshal in "Frontier Marshal"
24 "Otherwise ..."
26 Popular Christmas gifts
27 "My Cousin Vinny" Oscar winner
28 Tournament type
30 Choice
31 C.E.O., e.g.
33 Asia's Amu —— River
34 Tic
36 Osaka O.K.
37 "Ah, I see!"
41 Some colorful abstract paintings
43 —— vu
44 Musical staff sign
46 Sniff out
50 They may be *sniffed*
52 The Fab Four, e.g.
53 Very dry
54 Vegas rival
55 Daredevil Knievel
56 Computer command
58 Republic since 1948
59 One to grow on?
60 "A Pure Woman" of an 1891 novel
63 Actor Ayres



Puzzle by Wayne Robert Williams

© New York Times/Edited by Will Shortz.

Solution to Puzzle of July 16

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		B	U	T	T	O	N	Y	O	U	R	L	I	P
A	L	A		A	R	A				R	I	A	L	S
H	U	S	H	L	I	T	T	L	E	B	A	B	Y	
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A	T	O	N		T	O	S	E	A		A	R	A	T
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BRIDGE

By Alan Truscott

ONE candidate for the title of best all-time bridge raconteur is Jerry Machlin, who died recently. One of his many tales concerns Jerry Popkin, a Georgia expert who, many years ago, showed up at a Florida tournament following a three-year absence from the game.

An unidentified woman, eager to kibitz, showed up and asked Popkin a question.

"I'm told that you and Jim Jacoby are the two best players here. Which of you should I watch?

"Me," was the prompt answer. "Jacoby travels a lot and you can watch him anywhere. You'll seldom have a chance to watch me."

On the fifth deal, Popkin opened one no-trump holding the North hand shown in the diagram.

The kibitzer leaned over and whispered to him: "You don't have enough points for one no-trump."

"Shush."

Popkin was relieved to hear Stayman two-club response, and passed. The kibitzer again leaned over to whisper.

"He bid your best suit. Why didn't you raise him?"

This attracted another "shush" and the auction ended.

South turned purple. "You need nine clubs to do that," he snarled. So when the diamond king was led, Popkin put his eight clubs down, very, very slowly, one by one. He made them stretch across the table, and the deuce fell off the far side.

South made nine tricks for a score of 110. The dazed opponents were ready to continue with the next board, but the kibitzer was still active.

"You know, you've just been swindled," she told East-West. "If it was me, I'd call the director." So they did.

"Jerry Popkin," declared the director, "I haven't seen you for years." He then listened to the story and gave a quick ruling: "Haven't y'all ever heard of a psychic?"

"That director was a friend of his" said the kibitzer. "I'd call another director." So they did. The greeting and the ruling were identical.

"Are you now satisfied that everything was aboveboard?" Popkin asked East-West. They nodded.

"And are you satisfied?" he asked the kibitzer.

"Not really, but we've already had two directors and I really don't know what else to do."

"May I make a suggestion?"

"Certainly."

"Please go and kibitz Jim Jacoby."

NORTH
♠ —
♡ 7 6
◇ 6 3 2
♣ 10 9 8 7 5 4 3 2

WEST
♠ A 8 7 5 2
♡ Q 9 4
◇ A K 8 5
♣ 6

EAST
♠ Q J 10 9
♡ J 10 5 2
◇ 10 7 4
♣ A K

SOUTH
♠ K 6 4 3
♡ A K 8 3
◇ Q J 9
♣ Q J

East and West were vulnerable. The bidding:

North	West	South	East
1 N.T.	Pass	2 ♣	Pass
Pass	Pass		

West led the diamond king.

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Herald INTERNATIONAL Tribune
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Open the China File

As a result of disclosures in Tuesday's campaign finance hearings, the Democratic National Committee said it would return $50,000. The money wound its way from the Lippo Group in Jakarta to President Bill Clinton's friend and fund-raiser John Huang to the party coffers back in 1992. Senator Joseph Lieberman of Connecticut said it "certainly looks like the movement of foreign money into an American campaign in 1992." That makes two campaigns in a row, since we already know that the Democrats have returned $2.8 million in suspect foreign contributions in 1996.

So much for the commentators who assured the country that there was nothing to be learned from these hearings. The fact is that every time the Senate Governmental Affairs Committee can get a straight answer or a fresh document, another $50,000 or $100,000 wire transfer from Asia turns up.

One fact is beyond dispute. There is a pattern of money pouring in from Asia, some from Chinese banks, that calls for a public airing of the information that led Senator Fred Thompson to say the Chinese government had a plan to influence the election.

The same information provoked Senator John Glenn to say that Mr. Thompson had interpreted the material too "loosely." On Tuesday, Mr. Lieberman, a Democrat who has deplored the abuses of the Clinton re-election drive, said he now felt that there was indeed a Chinese plan last year to influence the congressional elections with illegal money. But he differed with Mr. Thompson's view that the plan was aimed at the presidential contest, too. Given the importance of the issue, the confusion is unacceptable. The matter needs to be clarified.

Mr. Thompson's statement was based on his own investigation and on a review of intelligence reports garnered by the FBI, the CIA and the National Security Agency. The Washington Post reported that FBI Director Louis Freeh was involved in clearing Mr. Thompson's statement summarizing the intelligence findings before he released it. A Clinton political appointee, Assistant Attorney General Andrew Fois, countered with a letter saying that the Justice Department review was only for the protection of classified information and that Mr. Thompson's conclusions were "not necessarily those of the law enforcement or intelligence community."

It defies common sense that Mr. Freeh would review a statement that he thought erroneous in its basic interpretation and then let it go forward, but put that aside for the moment. The question of what U.S. intelligence agencies know is too crucial to be left up to a Ping-Ponging argument among these senators. The issue must be settled in full view of the American people, and it can be. Making that happen ought to be Mr. Thompson's highest priority, regardless of Democratic obstruction and myopic commentary.

Congress has plenty of experience in placing intelligence information in the public domain in a form that does not compromise spying sources and techniques. It was done during Senate consideration of Cold War arms control treaties, as well as in the congressional investigation of the Iran-contra case. The information can be safely summarized by the new CIA director, George Tenet, or by Mr. Freeh, in public testimony. If they are unwilling to do so, the Senate Intelligence Committee can prepare a public report on the China connection. China's role rests at the center of this affair, and it cannot be allowed to remain a mystery.

— THE NEW YORK TIMES.

Free Turkey's Press

It is an irony and an embarrassment that even as NATO imposes high democratic standards on new members, it has given an errant old member, Turkey, a bye. On the litmus issue of imprisoning journalists for what they write, for instance, Turkey is the recognized world champion. The Committee to Protect Journalists, an American defense group, counted 78 jailed Turkish journalists at the beginning of the year. All the more satisfying, then, that the group has now elicited from the new Turkish government of Mesut Yilmaz a commitment to do something about a record that, if a current NATO applicant had it, would exclude it from the West's premier democratic club.

The trouble lies, of course, in Turkey's continuing conflict with a Kurdish minority that has its pacific assimilationist element but its armed separatist element as well. An official policy giving a long leash to an assertive Turkish military has not only failed to curb Kurdish terrorism but has also cost past governments political support. Journalists who write about Kurdish nationalism from an independent perspective have been at risk of being locked up and censored, harassed and beaten. Article 312 of the penal code permits reporting and commentary on other than the government line to be punished as "incitement to racial hatred."

The Kurdish problem is as tough as any ethnic conflict anywhere. No one has a good solution in the inflamed circumstances in which it is unfolding now. What is certain, however, is that the problem must be addressed in a context in which the Turkish people are fully and fairly informed about the options before them. This is the prospect now opened up by the Yilmaz government. It speaks for a minority coalition and faces parliamentary resistance to its new free-press commitments. But it also has the opportunity to bring Turkey the appreciation rather than the opprobrium of the democratic West. Up to this point, the army has plainly been calling most of the shots on policy toward the Kurds. The army is manifestly unfit for this role and plays it poorly. Opening up the press is no glib civics textbook prescription. It is a practical way for Turkey to build support for a consensus approach.

— THE WASHINGTON POST.

Kenya Needs Reform

Across Africa, people are demanding greater democracy and condemning corrupt governments that cheat them out of economic growth. The latest protests have erupted in Kenya, where the autocratic regime established by Jomo Kenyatta in the 1960s has continued, with deepening corruption, under President Daniel arap Moi since 1978. Oblivious to Africa's new climate, Mr. Moi has responded, as ever, with brute force.

In this he ignores a new sensitivity to democracy among the Western countries he counts on to provide aid and encourage investment and trade. The Clinton administration and its European partners need to remind him that Kenya risks losing this crucial support if it continues to meet reasonable demands with violent repression.

For years Kenya's opposition leaders and human rights activists have braved police beatings, long prison sentences and even death threats to press for broader political rights. Five years ago, after their efforts were backed by a brief suspension of Western aid, Mr. Moi agreed to multiparty elections. He survived that challenge, even though he failed to win a majority of the votes. Opposition divisions and electoral regulations favoring the ruling party preserved his grip on power.

With new elections due this year, opposition groups are campaigning for constitutional changes that would give them a realistic chance of winning. Their efforts have attracted broad public support, and a harsh police response. Police have attacked unarmed demonstrators with guns, clubs, whips and ax handles and invaded the sanctuaries of churches and universities. At least nine protesters have been killed.

Kenya's crisis is an early test for the Clinton administration's newly declared approach to Africa. And Britain, closely linked to Kenya since colonial times, has a new government that is emphasizing democracy and human rights issues in its diplomacy. Germany, another large donor, said this week that continued assistance to Kenya would depend on Mr. Moi's respect for "democratic, pluralist and constitutional rules in political debate."

One clear lesson from past policy failures in Africa is that far more attention must be given to the internal practices of governments receiving significant Western support. Kenya is a good place to start.

— THE NEW YORK TIMES.

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Edging Toward a Peacekeeping Role for Japan

By Jim Hoagland

WASHINGTON — Japan's approach to war and global diplomacy since World War II can fairly if imperfectly be summed up thus: Don't mind us, we'll just sit over here and listen and concentrate on trade. No fuss please. We are Japanese.

This obeisant, pacifist-oriented image suits the Japanese and reassures those abroad who recall the horrible consequences of Japanese militarism. But events in the Pacific are overtaking Japan's ambition to avoid foreign military entanglements. Tokyo is about to embark on a revision of its security alliance with America that will give it a clearer and larger military role in the Pacific.

The pacifist image was never wholly accurate. Japan played a vital supporting role for America's military presence in Asia throughout the Cold War. At times it even suited Japanese prime ministers to call attention to their nation's role as an unsinkable aircraft carrier, and to emphasize the abundant financial support that Japan provides for U.S. bases in Japan.

It is true that the changes to come will be incremental and taken only after a laborious consensus-building process, which began paradoxically in Washington earlier this month. There will be no declaration of big changes in Tokyo. There will be many tiny declarations of hardly any change at all.

But change there will be. It was made inevitable by two military confrontations forced upon the United States in the Pacific in the past three years. These trips to the brink raised troubling questions in Washington about what, exactly, it could count on Japan to do militarily if the sushi did hit the fan in Asia.

The first came three years ago as North Korea and the United States growled menacingly at each other over Pyongyang's development of a nuclear weapon. An accord avoiding war was reached. Then, 15 months ago, China fired missiles into commercial shipping lanes around Taiwan, and U.S. carriers moved in to keep the peace.

These were carriers of the sinkable kind. U.S. planners running war games of worst cases found problems in the existing Japanese interpretation of the U.S.-devised constitution. That interpretation would prevent Japanese minesweepers or rescue vessels from helping American forces on the high seas. There were also questions about the use of U.S. facilities in Japan in a conflict with China. These were questions that no reasonable planner would want to have thrashed out in the middle of a crisis.

The result was a quiet U.S.-Japanese negotiation on June 7. It produced a set of "defense guidelines" that commit Japan to help the United States in "situations in areas surrounding Japan."

The document is deliberately vague on how large that area is and on other key points. But it does make clear that in the event of conflict in Korea, for example, Japan would send fuel (but not weapons and ammunition) to help U.S. forces, and would engage in mineweeping in international waters.

Political leaders of the three parties that make up Japan's coalition government visited Washington at the beginning of July and were briefed by U.S. officials. The Diet will have to authorize spending and pass some specific enabling legislation if the guidelines are to be put in effect. A hot debate is expected in the autumn.

Just the kind of debate that Japanese politicians have preferred to avoid in the past. But events force this debate now. It will help clarify Japan's thinking about the post-Cold War world and global peacekeeping.

For the past year many politicians, scholars and business people of the United States and of China have acted and spoken as if the future of Asia were a matter for their two countries and their countries alone to decide, through "engagement" or confrontation. But quiet Japan will have much to say about the outcome of the contest of wills between these two powers. To focus the Japanese (and the Chinese and the Americans) on Japan's swing position is progress.

Washington's key Asian partner remains Tokyo, not Beijing. President Bill Clinton at times has given Japan reason to doubt that he accepted this view. The guidelines and the sustained effort that the United States has put into crafting them help correct that lamentable impression.

The new guidelines have not been welcomed in Beijing. The Chinese apparently fear that Japan is enlisting in a U.S.-led strategy that would limit China's ability to snatch back Taiwan. This time the world should hope that Beijing has it right.

The Washington Post.

Why Expand a NATO That Fails to Enforce Peace in Bosnia?

By William Pfaff

PARIS — The argument over removing U.S. forces from Bosnia in mid-1998 is currently only a mumble, a murmur, in Washington and at NATO headquarters in Brussels. But the argument is growing louder, and will grow loud indeed as NATO marches toward that June 1998 deadline.

A lesson about the ingredients of peace in Bosnia was provided last Thursday by NATO raids against two alleged war criminals, whose indictment by the International War Crimes Tribunal in The Hague had not previously been made public. One was seized and removed to The Hague, and the other was killed by a British SAS unit while resisting arrest, with a British soldier wounded.

The violent collapse last week of the divided government structure that the United Nations set up in tormented Cambodia offered another lesson about peace. It demonstrated how flimsy foreign-invented political structures are likely to prove.

The Bosnian-Croat federation established by the Dayton agreement is highly artificial. Peace between the intransigent Bosnian Serbs' Republika Srpska (itself in a leadership crisis) and its Bosnian Muslim and Croatian neighbors remains exceedingly fragile.

The Dayton arrangements, brokered by the United States, will not survive a NATO withdrawal next year. Withdrawal, however, is what the United States currently promises.

An argument continues inside the U.S. government between a group led by Secretary of State Madeleine Albright, favoring an activist U.S. European policy and continuing U.S. military presence in Bosnia beyond June 1998, and the American military leadership, whose views are given voice by Secretary of Defense William Cohen.

The military have never wanted involvement in ex-Yugoslavia, and they want out of Bosnia next year. America's military leadership and the U.S.-dominated NATO command have stubbornly resisted pressure to arrest war criminals. It is suggested that last week's SAS operation was possible only because NATO was briefly between commanders.

Thus far, the withdrawal camp is winning the argument in Washington, since it has Congress on its side. The House of Representatives has already voted to withhold funds from any American presence in Bosnia past the June 1998 deadline, and the Senate has less dramatically expressed its reluctance to see Americans stay. At this point all this is largely gesticulation, but it is nonetheless significant.

Congressional opinion reinforces the military leadership's reluctance during recent years to assign missions to American professional soldiers that involve serious risk to their lives. This has provided the principal obstacle blocking NATO from attempting to seize indicted war criminals.

In the former Yugoslavia, dangerous missions have been left to the professionals of other countries. The British carried out last week's arrests, and British, French and others did the United Nations' dirty work in the former Yugoslavia before NATO arrived in 1995. They took the casualties.

It should parenthetically be said that some Americans feel a sense of shame at this, and even that the American uniform is dishonored by this American claim to privilege. A White House dispatch on Friday said American troops "contributed transportation and other logistical support" to the British operation, which sounds like trying to appropriate some of the credit as well.

There are direct links between war crime trials, America's decision on Bosnia withdrawal and the NATO expansion that the United States has been determined to bring about.

The U.S. government and military cannot promote a policy of expanding NATO as the way to guarantee peace and stability in Europe in the years to come, and at the same time (to employ an inelegant military phrase born of the Korean War) bug out of Bosnia next year.

Either NATO keeps the former Yugoslavia at peace and promotes a political settlement there, or it abandons the razzle-dazzle about peacekeeping, democracy, pan-European unification and a New Atlantic Order that has been employed to justify expansion, and which orchestrated the Madrid NATO summit and Bill Clinton's visit to Europe earlier this month. America cannot have it both ways.

NATO can continue to keep the peace in Bosnia beyond next June, with Americans fully engaged, and thereby demonstrate the will and capacity of an expanding alliance to keep the peace throughout post-Cold War Europe.

Or NATO can leave the people of the former Yugoslavia to resume their interrupted war, and thereby acknowledge that the claims Washington and Brussels have been making for the new NATO are nothing but international hypocrisy motivated by domestic vote-buying.

That last is what Canadian Prime Minister Jean Chrétien has said of the American position. He told Belgium's prime minister, in an overheard conversation in Madrid, that "in your country or mine" politicians who did what American politicians were doing about NATO "would be in prison." The American decision on Bosnia will show whether Mr. Chrétien was right or not.

If NATO is to build a more substantial political and security order in Bosnia, it must end the present policy of permitting indicted war criminals to continue to dominate the Republika Srpska. They have to be arrested and delivered to The Hague. The Dayton agreement and the international effort in Bosnia are otherwise meaningless.

The moral claims of international society are otherwise outraged, and the opportunity we now possess to deter some future war crimes by demonstrating that criminals are accountable to an impartial authority will have been ostentatiously abandoned. Are there votes to buy with that?

International Herald Tribune.
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Be Warned, There's Trouble Ahead

By William Safire

WASHINGTON — Those of us in America whose job it is to view the world through alarm-colored glasses are having a tough summer. The good news keeps piling up.

The dollar is strengthening against the franc and mark because the Europeans can't get their act together and we did our downsizing years ago. That means a bottle of wine, or imported still water, is tantalizingly cheaper for Americans.

Epidemics are coming under control and welfare rolls are shrinking. The Food and Drug Administration bureaucracy snapped out of its lethargy long enough to approve an anti-plaque dentifrice that enables modern mothers to wash their kids' mouths out with soap. A potency potion on the horizon for both sexes is getting the geezer generation all excited.

Peace is breaking out all over the world. War criminals are belatedly being given a hard time, while political reformers from Mexico City to Moscow are riding high.

Inflation is a spent balloon and unemployment a relative joke. The Euphoria Index (new-job creation plus productivity gains multiplied by the percentage rise in consumer confidence) is making new highs every day.

Which brings us to the stock market. A few years ago executives had to rent the Glomar Explorer to observe their company's stock options, but now they are up here drying in the warm sunshine of runaway prosperity. Who would have thought that lowering the capital gains tax would become a populist issue — with the populists in favor?

Such a happy combination of peace, progress and prosperity is not without its downside. It has driven professional pessimists — "prophets of gloom and doom" and "troubadours of trouble" who see the tank half-empty — into disarray.

Wall Street bears are stuffed and hung on the wall. The Union of Concerned Scientists' clock has been wound back to two minutes past noon. As catastrophists in every field suffer their worst disaster, Gloomy Gus has become a laughingstock.

In journalism, too, naysayers are in a rout. Upbeat reporters focus on the ho-hum reaction rather than the underlying action, and cover the coverage rather than advance the story.

What's missing? What element does the nation need to give sharp definition to the picture of unrelieved optimism — to remind good pilgrims that the Man with the Muckrake, his gaze eternally cast downward, fails to see the glorious celestial crown offered to him?

Needed at this moment is a contrarian. No garden party is complete without its skunk. Who will volunteer to click on the icon of the iconoclast, to provide the partying populace with the low mutter of a jeremiad, to be the happy society's scapegoat for the sin of negativism, to present a target to be hooted at with universal glee? I volunteer. Here I stand scruffily in sandwich boards, proclaiming my deviant doctrine.

You see this article in Foreign Affairs entitled "The End of the Business Cycle?" and assuring baby boomers that no baby bust is ahead? I say hogwash. You are going to see a correction one of these days that will curl your hair, followed by a year in the doldrums before the next recovery. Those of us now conservatively 5 percent in cash will laugh.

Count on the Four Horsemen of the Apocalypse as an entry in the Belmont Stakes, computer crashing on Millennium Morning, and the unexpected social consequences of the geezer-sex pill. Brace yourself for the dreary data in indictments handed up on Rubbell and Hillary followed by the Great Popularity Plunge.

All this loathed melancholy do I provide as a summertime public service. Repent! The end is near.

The New York Times.

Better Keep Religion Out of It

By Abraham Rabinovich

JERUSALEM — Like a lost Dostoyevskian soul, pale and aimless, Tatiana Susskind drifted through the back streets of Israel, her new homeland, for six years, searching for direction. On June 28, the Russian-born 25-year-old revealed that her search was over.

Striding into the heart of the West Bank city of Hebron, she pasted copies of a sketch she had drawn depicting the Prophet Mohammed as a pig stamping on the Koran.

That gross desecration of the holiest of Islam's symbols touched off a firestorm in Hebron as enraged demonstrators hurled hundreds of Molotov cocktails at Israeli troops. The deed had injected into the territorial dispute between Jews and Arabs the dangerously explosive element of religious confrontation. In Tehran, 15,000 demonstrators chanted "Death to Israel." Similar demonstrations were held across the Islamic world.

Ms. Susskind's act demonstrated the potential for calamity when isolated individuals wander a no-man's-land of emotional disturbance between the conventional battle lines of this volatile region.

She had left her family behind in Russia. She enrolled in a Jerusalem art school but did not complete the course. She lived in small student rooms around the city, sometimes finding work as a graphic artist. Half a year ago her life changed because of a chance meeting with another Russian immigrant about her age, who had taken on the Hebrew name of Yehuda Shomron. He held fanatical political opinions.

He hated Arabs and hated Jews less zealous in their hatred of Arabs than he, which meant that he hated virtually everybody. The army refused to induct him. Even the extremist Kach movement, which he joined, kept him on its margins. He earned his bread as a sometime tile layer.

The two were drawn to each other by loneliness, a shared background and their peripheral existence. Tatiana tried to interest him in art and take him to museums but he balked. He in turn attempted to inculcate her with his political views. The Arabs had to be driven out by force, he said. There would soon be a great war in the region, and few would survive it. The only person he admired was Yigal Amir, the assassin of Yitzhak Rabin.

Tatiana at first argued with him. In time, however, she began to succumb. Two weeks ago the pair hitchhiked down to Hebron. Tatiana carried with her 30 copies of the sketch she had done of the pig labeled Mohammed. She had bought an English-Arabic dictionary the day before in order to copy the Prophet's name in Arabic.

They were put up in the home of an Israeli settler. After dark, according to police, Tatiana set out on foot for the Arab marketplace in Hebron with copies of her sketch. She proceeded to paste them up on a number of doors before a crowd of Arabs appeared. Israeli soldiers intervened and handed her over to police.

Prime Minister Benjamin Netanyahu was so alarmed by Ms. Susskind's act that he telephoned to the Arab mayor of Hebron to apologize in the name of his countrymen for the insult "to one of the world's great religions."

In an unprecedented move, one of Israel's two chief rabbis traveled to Hebron to apologize to the leading Islamic religious figure in the city. Similar apologies came from President Ezer Weizman and other leading Israelis. Their reaction reflected a basic understanding that religion must be kept out of the conflict.

The Israeli gestures did not go unnoticed in the Muslim world. Egyptian Foreign Minister Amr Moussa, a persistent critic of Israel, went out of his way to note that Mr. Netanyahu's telephoned apology to Hebron's mayor had been the right move. With the wisdom born of prolonged conflict, both sides are trying to avoid being led by lost souls into swamps from which there is no returning.

The writer, a reporter with The Jerusalem Post, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Fighting Words

PARIS — Prince Henri d'Orleans has received, or will shortly receive, a challenge to fight a duel from Lieutenant Pini, a brother of the famous Italian fencing master. Prince Henri's letters to the *Herald* and *Figaro* have elicited protests from Italian newspapers, which took issue with the prince on his criticisms of the conduct of the Italian prisoners in Abyssinia. A despatch from Rome announces that the Italian officers back from Harrar have drawn lots to determine which of them should demand reparation by arms.

1922: Socialist Merger

BERLIN — A fusion of the two big Socialist parties in Germany now appears to be virtually assured. This is the most important political event that has resulted from the murder of Dr. Rathenau, and unless the middle-class parties succeed in forming a counter fusion, it seems to mean that both in her home and foreign policies Germany will be controlled largely by her 10,000,000 trade unionists, which the Majority and Independent Socialists collectively represent with 180 seats out of the 460 in the Reichstag.

1947: Liner Mystery

SYDNEY — The thirty-six-year-old mystery of the loss of the liner Yongala, with 142 persons on board, is believed to have been solved. Using anti-submarine instruments and an echo-sounder, the Australian frigate Lachlan has located a sunken ship off the North Queensland coast which is believed to be the Yongala. The Yongala was lost between Mackay and Townsville, on March 23, 1911; it was believed that she had struck a reef.

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OPINION/LETTERS

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The new guidelines have ... ...welcomed in Beijing. The Chi... ...parently fear that Japan is enli... ...U.S.-led strategy that would ... ...China's ability to snatch back ... ...This time the world should ... ...Beijing has it right.

The Washington Post

Peace in Bosn...

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$100, 75 AND 50 YEARS...

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Coming Soon: 3-D Smut On a PC Near You

By Daniel S. Greenberg

WASHINGTON — "The bomber will always get through" was the boast of proponents in World War II. And they were right. The same is already true of pornography, smut and other muck zipping around the global Internet, despite assurances from techno-wizards that electronic kiddy filters and fences will keep them out.

Brace yourself, folks, and face the grisly reality: There's no way of stopping the stuff, and even if the misbegotten Communications Decency Act had withstood Supreme Court scrutiny, there still would be no way of stopping the stuff, short of the temporary fix of electronic tracking and battering-ram assaults on the sources. And that would throttle the output only until producers took up the slack. Computers in schools, libraries and offices can, of course, be easily configured and confined to material deemed suitable for children or any other audience. But as omnipresent as computers now appear to be, they remain expensive, complex and far short of the universal accessibility of radio and TV. Already on the market, however, is the under-$1,000 desktop computer with a broad range of capabilities, including modem access to the great world of the Internet.

Coming soon, at even lower cost, is the Internet through your home television screen. With electronic technology becoming cheaper and better year after year, the computer is on the marketplace path to becoming as inconsequential a purchase as a cheap portable radio or a throw-away wristwatch. With the equipment in bountiful supply, curious kids and dedicated porno-addicts will encounter little difficulty in accessing the electronic underworld — in full color and probably even in 3-D.

It's a safe bet that by the turn of the century, the $100 hand-held, full-service computer will be in the shops. And the porno industry, which produces more films than Hollywood and rakes in even bigger revenues, will not ignore the growth opportunities.

Porno is already the leading revenue producer on the Internet, successfully peddling its wares by credit card.

What's ahead, then, in society's troubled relationship with pornography? Will it become so commonplace as to pass unnoticed, like contemporary bare-skin street attire that once would have set off a public commotion? The software and computer industries, fearing government intrusions and public revulsion, claim that technology can contain the problem through rating systems and electronic blocking techniques.

But the wondrous technology they have created has flowered into literally millions of Web sites and other connections around the globe, making comprehensive blockage an impossible task. Teenagers have hacked their way into the Pentagon, banks and other bastions of presumed electronic security. The porno sites can't be harder to crack.

The merger of sex and electronics creates possibilities that defy forecasting, but a flourishing outcome seems assured for both eroticism and commerce. The latest issue of the Futurist, a serious magazine that soberly attempts to look over the horizon, predicts that "virtual sex," with viewer participation, could soon be showing on a computer screen near you.

The article adds that "hackers and clever adults will continue to find ways to gain access to and transmit unauthorized material. And children will, as always, find ways to outwit their parents."

The brightest hope may be that easy access and abundance will transform pornography into a bore. That's possible. With the technical barriers weak and constitutional impediments gone, we may soon find out.

The writer is editor of Science & Government Report, a Washington newsletter.

Now Playing: The Revenge of the Couch Potatoes

By Tom Shales

WASHINGTON — Where'd everybody go? That's the question American television and movie executives are asking this summer. Even though TV viewing always declines in warm-weather months, the four networks have been setting embarrassing all-time record lows recently.

The trend downward started long ago, of course. But it keeps getting more downward. According to a study released by a cable TV trade group, ratings for ABC, CBS, NBC and Fox are declining sharply even in homes that don't have cable as an alternative. The four nets together earned a 45.9 in the May 1992 ratings sweeps but only a 38.1 in May of this year.

MEANWHILE

Obviously, the disappearing viewers are not all going to cable.

Cable ratings are flat. Indeed, The New York Times reports that the ratings for CNN are barrel-bottom low, apparently because of a lack of traumatic news stories. Even those fabulous photos from Mars don't seem to be helping.

For the first quarter of 1997, the Times says, CNN eked out its lowest ratings for a single 24-hour period in the network's 17-year history: a miserable 0.39, which translates into an average of only 284,000 homes.

It's too early to tell if pay-TV is having a good summer or a bad. HBO and the other pay channels do have last year's big hits to show, but "Twister" and "*Independence Day*" have already been run about a thousand times each, and choice titles are becoming scarce. Meanwhile, pay-TV has bad news for next summer because this summer's movie theater blockbusters are largely going bust.

Millions are being made, of course, on films like "The Lost World: Jurassic Park" and "Men in Black," but a recent headline in Daily Variety, the show biz newspaper, put it this way: "Summer Box Office Quickly Losing Its Will to Live." Even films that have spectacular opening weekends fall off quickly.

Why the fall-off? Probably for the simplest reason in the world: The movies stink. Or are mere replays of past hits. Audiences are correct when they think they've already seen enough versions of "Jurassic Park" and "Batman." And as for "Speed 2," it never even achieved 35 miles per hour. Writes Leonard Klady in Variety, "Films aren't delivering on an entertainment level."

But wait. There's even more bad news for the entertainment industry. Video stores are suffering, too. People aren't renting last year's movies any more enthusiastically than they are going to see this year's. The huge Blockbuster chain is expected to report a 76 percent drop in operating profits for the second quarter of the year.

Why have Americans begun turning up their noses at television shows, videos and movies? Probably because the stuff stinks.

As far as TV goes, audiences are clearly sick of reruns that in many cases were already rerun once during the regular season (September through May). Fox isn't doing much better by offering alternative first-run fare, from the ridiculous "Ruby Wax Show" to the boring "Roar," set in fifth-century Ireland.

So then: People are not watching TV, not going to the movies, not renting films at video stores. Where the heck are they? They could be on the Internet. Computers are now so popular that one breakfast cereal is giving away a free CD-ROM as a prize this summer. If CD-ROMs are that common, then the medium really has arrived.

But there's another explanation. It comes from USA Today. The newspaper reports that bookstores are booming, not necessarily in terms of sales but in terms of drawing people in. Americans are rediscovering bookstores and turning them into meeting places where they can take the kids and be entertained, and possibly enlightened.

For fall, ABC's ad campaign is built on the theme "TV is Good." One ad, though, was discarded because it tested poorly. It said, "TV is Good, Books are Overrated."

Could America be abandoning television in order to read? Maybe it is wishful thinking, but what a lovely, beautiful wish.

The Washington Post.

LETTERS TO THE EDITOR

On Cambodia

Regarding "The Coup in Cambodia" (Editorial, July 10):

The editorial reaches the right conclusion, that aid should be withheld to Cambodia in light of the recent coup. It is incorrect, however, to say that the international community "permitted" Hun Sen to govern. The election's victor, Prince Norodom Ranariddh, invited Mr. Hun Sen to join. More important, the editorial mistakenly attributes the recent turn of events to a lack of international support for Cambodia's voters.

Nothing could be further from the truth. The international community showered Cambodia with several billion dollars worth of largesse and generously funded democratic institution-building. Cambodia's politicians squandered this chance for a new beginning and enriched themselves at the expense of their people. Prince Ranariddh viewed his government service as little more than a sabbatical from his university life in France.

Only the opposition activist Sam Rainsy has emerged after the UN-led elections in 1993 as a forward-looking leader concerned with democratic principles and a brighter future for his country.

The Cambodians are a backward-looking people who long for the greatness of a kingdom that flourished some 700 years ago and ruled much of present-day Laos, Thailand and Vietnam. They constantly blame others for their own troubles. One does the historical record and the Cambodian people a disservice to perpetuate this myth.

Cambodians' problems do not lie with the international community, aid gone awry or the United Nations. Cambodians' problems lie squarely with themselves.

ERIC G. BERMAN.
Geneva.

The writer is executive director of United Nations Watch.

The "wait and see" attitude of the United States and others to the current crisis in Cambodia is simply not adequate.

We urge the Security Council to convene to discuss the immediate dispatch of a special representative or a small fact-finding mission to Cambodia, as well as the offer of a UN mediator.

The Security Council should also consider offering assistance to ensure that Cambodian elections are free and fair, and posting more UN human rights monitors throughout the country to ensure that the people are protected from abuse as fully as possible.

The United Nations has put so much effort into Cambodia; it must not relax its efforts at this critical time.

MALCOLM HARPER.
London.

The writer is director of the United Nations Association of Great Britain and Northern Ireland.

The United States now wants Canada — whose laws permit prosecution for acts of genocide — to accept the extradition of Pol Pot for the crime against humanity committed by the Khmer Rouge from 1975 to 1979 (*"Put Pol Pot on Trial," Editorial, June 25*).

By the same token, Henry Kissinger should be extradited to face trial for masterminding the bombing of neutral Cambodia from 1969 to 1973. The secret bombing of Cambodia, which the Nixon administration denied at the beginning, devastated the Cambodian countryside, killing hundreds of thousands of civilians.

Richard Nixon is beyond law, but Henry Kissinger is not.

MAHMOOD ELAHI.
Ottawa.

A Nazi Officer

The obituary of General F. W. von Mellenthin (*July 5*) contained several historical errors.

According to the obituary, von Mellenthin "was appointed chief of staff of a 50,000-man corps led by Rommel during the battle for Alsace-Lorraine in 1945."

Field Marshal Erwin Rommel *died in 1944. Von Mellenthin* was, in fact, Rommel's intelligence staff officer in North Africa in 1942, but he never worked for Rommel after that.

Von Mellenthin served as chief of staff to General Hermann Balck, commander of Army Group G — two levels higher than a corps — during the Lorraine campaign. That campaign was fought primarily in late 1944. Its main purpose was to serve as a diversion for the German buildup for the Ardennes offensive, launched in December 1944.

In November 1944 both Balck and von Mellenthin were relieved when Balck ran afoul of political intrigues by SS chief Heinrich Himmler. During the Ardennes offensive von Mellenthin served as a regimental commander. In early March 1945 he became chief of staff of the Fifth Panzer Army. Following the demise of that unit in the Ruhr pocket, von Mellenthin was captured on May 3, 1945.

DAVID T. ZABECKI.
Freiburg, Germany.

The writer is editor of the Encyclopedia of World War II in Europe.

NATO and Bosnia

Regarding "In the Balkans, NATO Must Go After the Masterminds" (Opinion, July 14) by Carl Bildt:

After a year and a half of peacekeeping, the United States is preparing to disengage from the problem. But little has been done to address the root causes.

The Bosnian federation is still an unviable state. Slobodan Milosevic and Franjo Tudjman are winning the waiting game, and nationalists on all sides are sharpening their knives.

Meanwhile, NATO's European members are ignoring reality and U.S. troops are going home next June unless Congress has a radical change of heart.

Maybe NATO's newest members will have some interest in preventing a return to war. The rest of the alliance doesn't seem to.

LUKAS HAYNES.
Oxford, England.

No Apologies

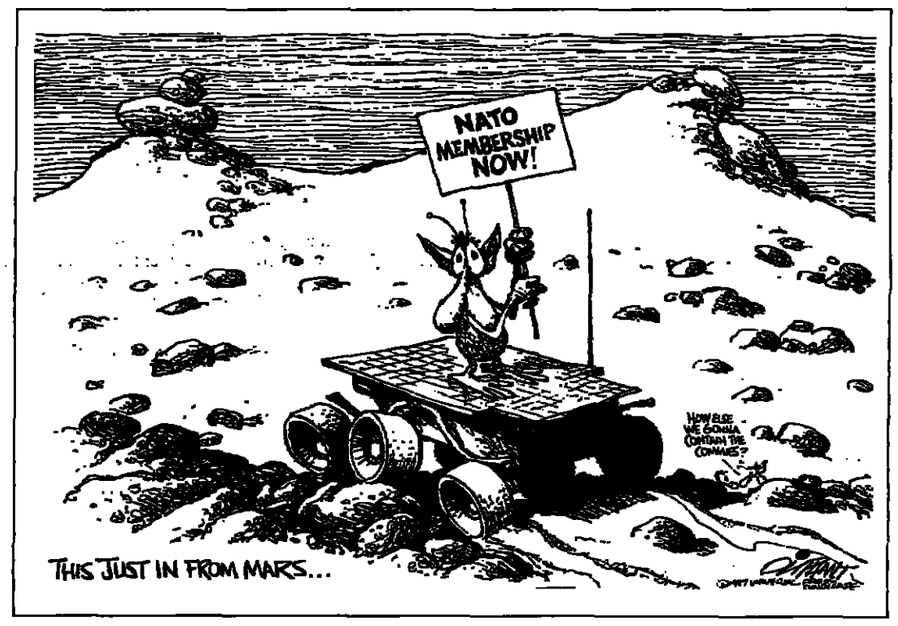
Regarding "Make Them Say 'Sorry'" (Opinion, July 5) by Richard Cohen:

Mr. Cohen is yet another whiner to weigh in in the tobacco wars. Why does he deserve an apology for something he did of his own volition? Did Joe Camel walk up and force-feed him cigarettes? Did the Marlboro Man lasso and then hog-tie him until he became addicted to nicotine? Nope. He walked up to the store and bought his packs and smoked them all himself.

Why should tobacco companies be contrite? America is a capitalist enclave that promotes the value of making money, something tobacco companies are very good at. Sure, make the companies admit that tobacco smoking is harmful and will kill you. It won't hurt their business.

Those who insist on suing tobacco companies are nothing but whiners. People who smoke in this day and age are killing themselves knowingly. They make a conscious choice. Whining about it doesn't change the facts: You *decided to smoke, you die with* that decision.

PIERRE HONEYMAN.
Vancouver, Canada.



Personals

THANK YOU SACRED HEART OF Jesus for intentions granted. Continue to watch over us. Jim & Melanie

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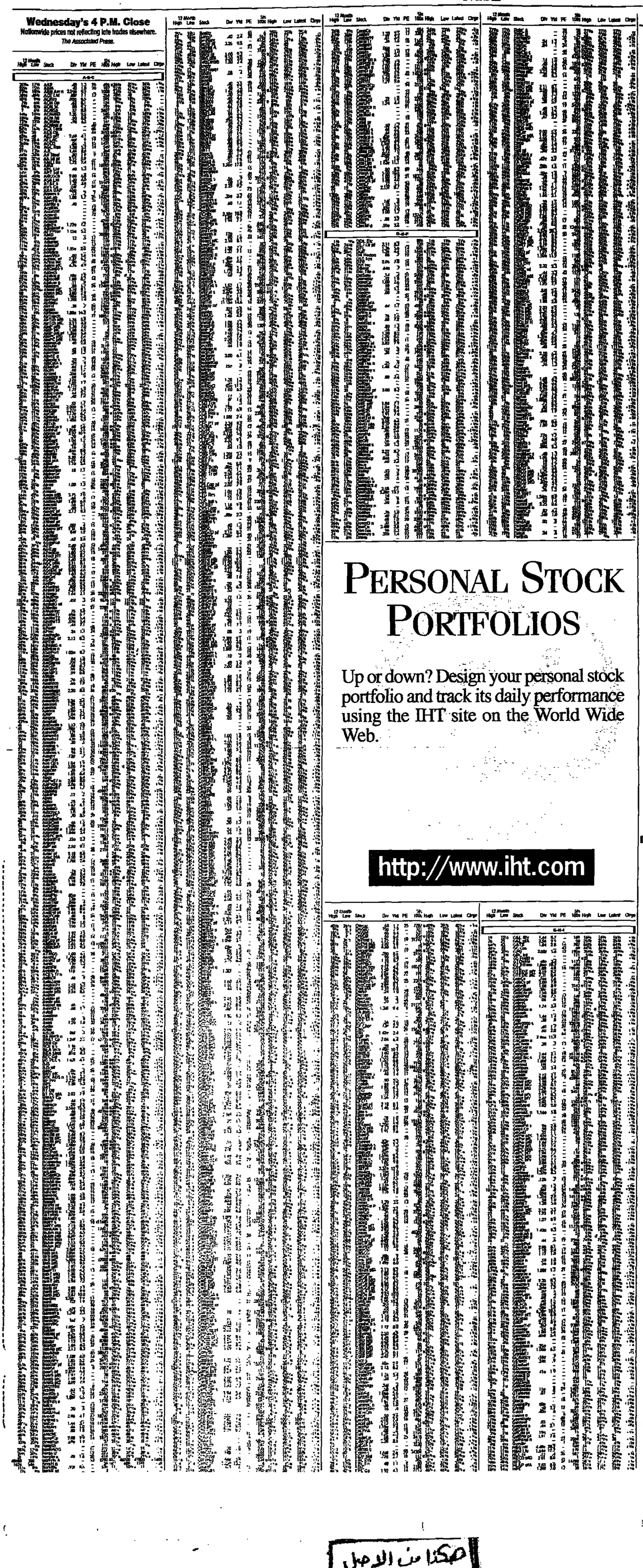

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Continued on Page 16

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Herald International Tribune
BUSINESS/FINANCE
R THURSDAY, JULY 17, 1997

Did PepsiCo Swallow Too Much?

Fast-Food Units Seek Rebirth Outside Firm

By Glenn Collins
New York Times Service

PURCHASE, New York — Was it all a mistake? Eleven years ago, PepsiCo Inc. completed the restaurant-buying spree that made Taco Bell, Pizza Hut and KFC the unruly siblings of its booming beverage and snack-food businesses.

PepsiCo had a great run with the restaurants, but in the 1990s it ran out of good ideas at roughly the same time that price-cutting and competition intensified and a public perception arose that the chains' formulas were tired. Now, PepsiCo is trying to get the underperforming units off its books.

Still, while it was almost certainly not a mistake to buy the restaurants originally, the question is whether they can

INTERNATIONAL MANAGER

do any better out from under the PepsiCo umbrella and the nearly bottomless pit of cheap capital the corporation once brought to the business.

Paradoxically, that problem will have to be solved by the architect of the initial strategy to buy the restaurant chains, Andrall Pearson, PepsiCo's president from 1971 to 1984.

Mr. Pearson, 72, has come out of retirement to become the chairman of the planned new company, Tricon Global Restaurants Inc., soon to be a publicly traded fast-food empire with revenue second only to that of McDonald's Corp.

"The restaurants were the growth engine of PepsiCo," Mr. Pearson said. "I'm not presiding over their departure — I'm presiding over their rebirth."

Joining Mr. Pearson as a midwife of the new venture is David Novak, 44, an 11-year PepsiCo executive who is Mr. Pearson's understudy and heir apparent.

Their plans for the new company — sprucing up KFC, expanding at home and abroad — hardly seem revolutionary. But, Mr. Novak said, the essential change is to be the focus he and his fellow managers can bring to operations.

"For the first time in the history of these brands, they'll be run by a restaurant company, by people who know and love the restaurant business," said Mr. Novak, who now heads both KFC and Pizza Hut North America. "At Tricon, you won't have marketing people dreaming up products that can't be prepared for the customer."

The two men will have their work cut out for them. The fast-food industry in the United States has been in the doldrums of late, with even McDonald's, the market leader, finding that old formulas no longer exert the magic they once did.

Moreover, fast-food chains are coming under siege on new fronts, from price-cutting casual-dining chains and upscale take-out restaurants to supermarket delicatessen counters.

The most formidable operational challenge facing Tricon will be to turn around Pizza Hut, which accounts for nearly 50 percent of the fast-food group's profit, according to Andrew Conway, an analyst at Morgan Stanley & Co. Sales at U.S. Pizza Hut stores were down 4.1 percent from 1995 to 1996, while those at KFC were up 5.4 percent and those for Taco Bell were up 1 percent.

Though strong for years, Pizza Hut began to have difficulty positioning itself between the delivery chains such as Domino's Pizza Inc. and locally owned outlets in virtually all its market areas.

See PEPSI, Page 15

Michael Clevenger/The New York Times

David Novak, top, head of U.S. operations for KFC and Pizza Hut, and Andrall Pearson, who will run the new firm, plan a fast-food expansion.

Now, LVMH Wants to Join the Party

Grand Met and Guinness Reject Its Proposal for 3-Way Merger

Compiled by Our Staff From Dispatches

PARIS — After two months of trying to thwart the merger of Guinness PLC and Grand Metropolitan PLC, LVMH made a pitch Wednesday to be included in the proposed deal.

Guinness and Grand Met immediately dismissed the plan as too expensive and too complicated.

LVMH Moet Hennessy Louis Vuitton wants to exchange its 66 percent stake in Moet Hennessy, its 6.4 percent stake in Grand Met and its 14.2 percent share of Guinness for a 35 percent stake in a new beverage company that would include the brands of Grand Met's International Distillers & Vintners subsidiary and Guinness's United Distillers division.

The proposal continues the efforts by LVMH's chairman, Bernard Arnault, to affect the planned £24 billion ($40 billion) merger of Grand Met and Guinness into a new company, to be called GMG Brands, that threatens to overshadow LVMH.

"What Mr. Arnault is proposing is a complicated and costly break-up of both Grand Met and Guinness in order to leverage LVMH into a dominant position in what would already be the world's leading spirits and wine company," Grand Met and Guinness said. But both companies agreed to study LVMH's proposal.

"The debate here is not about merger versus demerger," they said. "It is about creating the most value for our shareholders and ensuring that such value is fairly shared."

Nonetheless, they said Mr. Arnault's proposal, submitted Wednesday, would give him "back-door control without paying a premium, and it is hard to see how this could be in the interests of our other shareholders."

LVMH's latest pitch would create the world's leading beverage company, one that would have had sales of £7.4 billion in 1995-96. The new company would be listed in Paris.

Under the proposal, LVMH's Moet & Chandon and Pommeroy champagnes and Hennessy cognac would be joined with brands such as Guinness's Johnnie Walker and Dewar's whisky as well as Grand Met's Smirnoff vodka and Baileys Irish Cream liqueur.

Mr. Arnault proposed that other operations of Guinness and Grand Met be spun off into separately traded companies. Among those operations would be Guinness's beer operations, Grand Met's Burger King fast-food chain and Grand Met's Pillsbury packaged-food businesses.

Analysts agreed with the assessment by Guinness and Grand Met.

"Thirty-five percent is a lot — he's asking for a very significant part of this new company," said Pascale Montagner, an analyst at Jean-Pierre Pinnaton in Paris.

Charles Winston, an analyst at HSBC James Capel, echoed that, saying, "He is asking too much, because if you look at the valuations involved, 35 percent is unacceptable."

Nigel Parson, an analyst with Charterhouse Tilney in London, said: "Arnault is being marginalized, and he's looking for a way in. His proposals are what is best for him, rather than what is best for all shareholders."

LVMH shares rose 49 French francs to close at 1,628 ($271.30) in Paris, while Guinness rose 6 pence to 612 and GrandMet rose 20 to 626 in London.

(Reuters, Bloomberg, AP)

Strong Dollar Lifts European Markets

Reuters

LONDON — Stock markets in Britain, France and Germany closed at record highs Wednesday, helped by the strong dollar, which continued to rise, unaffected by German officials' comments on foreign-exchange rates.

Stock markets in Europe received an additional boost when Wall Street opened higher after benign U.S. June inflation figures. Dealers said a strong dollar was helping European export-oriented companies to post gains, and this was driving up the indexes.

"We are in the slipstream of the U.S. and the dollar, and we are reaching lofty heights," said Christoph Bruns, a fund manager at Union Investment. "We are likely to continue to see growth."

Britain's FT-SE 100-share index faltered on the brink of 5,000 points and eased from the day's best levels but still managed a record close at 4,964.2 points, up 64.9 points.

Liquidity, stock shortages and the dollar's strength were behind the index's rise, in which banks accounted for almost half the advance, with oils and pharmaceuticals also strongly ahead.

French benchmark stocks closed at a record high for a second day as the strength of the dollar fired exporters such as the car-parts maker Valeo SA and the cosmetics maker L'Oreal SA.

The Paris market ended short of its peak for the day but still set a record, with strong gains for LVMH, the luxury goods and drinks concern, and for SGS-Thomson, the semiconductor maker. Dealers said a test of the 3,000 level on the CAC-40 index appeared imminent as the average rose 37.31 points to close at 2,988.01.

Brokers said the continued strength of the dollar and gains on Wall Street, as well as rises on other European markets such as London, were supporting the European markets.

In Germany, the DAX index closed 2 percent higher at a record 4,201.24, and the after-hours IBIS DAX index rose well clear of that level, with trade underpinned by the strength of the dollar.

Banks and chemical stocks were in favor, and Karstadt, the retailer, was up 20.90 Deutsche marks at 662 ($369.42) in response to favorable perceptions about its restructuring and in spite of reports it may be dropped from the DAX index in favor of Adidas.

Austrian also shares finished at a record high, powering through 1,400 points on the main Vienna index, as the combination of a firm dollar and low interest rates lured buyers in droves.

"This is a scenario for the bulls — low interest rates and a strong dollar," said a trader. "The path ahead is clear," he added, and the ATX index "should have little trouble vaulting 1,450 in the present environment."

Dutch stocks also rose to records for a fourth straight day amid confidence that the dollar and low interest rates will help corporate profits.

Ford and GM Report Strong Profits

Compiled by Our Staff From Dispatches

DEARBORN, Michigan — General Motors Corp. said Wednesday its profit rose 11 percent to $2.1 billion in the second quarter, while Ford Motor Co. said it earned a record $2.5 billion, an increase of 33 percent from a year earlier, thanks to strong sales of sports-utility vehicles.

GM, the largest U.S. automaker, earned $2.68 a share, compared with $2.63 a share a year earlier, when profit totaled $1.89 billion. Ford, the second-largest, earned $2.11 a share, up from $1.60 in the second quarter of 1996, when profit came to $1.9 billion.

Both companies' earnings were higher than analysts had expected. For Ford, the average estimate of analysts surveyed last week by First Call was $1.82 a share. For GM, the average estimate was $2.15 a share.

GM's earnings rose despite strikes at two of its assembly plants. The company said the strikes had cost it an estimated $490 million after taxes from lost production of 96,000 cars and trucks in the second quarter.

"It's significant that even though strike-related losses hit the bottom line pretty hard in the second quarter, we still earned a substantial amount of money during the period," the GM chairman, John Smith Jr., said.

"I wish we could have avoided the strikes," Mr. Smith said. "But we have to make GM competitive, and we need local labor agreements that are consistent with that objective."

Ford credited its higher profit to cost-cutting and strong sales of pickup trucks and sport-utility vehicles with high profit margins.

"Today's results come from several years of very tough work," said Alex Trotman, Ford chairman.

For the first half of this year, GM earned $3.9 billion, or $4.98 a share, up from $2.91 billion, or $3.57 a share for the first six months of 1996.

GM's revenue in the second quarter was $45.1 billion, up 1 percent from $44.7 billion a year earlier. For the first half, revenue was $87.4 billion, up from $84 billion.

Second-quarter 1996 results for GM included a $208.8 million loss from the divestiture of its Electronic Data Systems Corp. subsidiary.

Ford reported revenue of $40.3 billion in the second quarter, up from a restated $39 billion in the same period of 1996.

For the first half of this year, Ford earned $4 billion, or $3.33 a share, compared with $2.56 billion, or $2.15 a share, a year earlier. Revenue was $76.5 billion, compared with $74.2 billion in the first six months of last year.

While Ford's car sales have been down about 9 percent from last year, truck sales have risen 4 percent.

Ford benefited from "a rich mix of business, with a lot of profitable trucks in North America," said David Healy, a Burnham Securities analyst. "Also, their cost-cutting is beginning to pay off."

In addition, Ford's global cost-cutting campaign lowered total costs by $1 billion in the second quarter, an amount equal to the company's announced cost-cut goal for the entire year.

Ford's overseas automobile business earned $543 million, up 32 percent from the same quarter last year, though earnings fell 20 percent in Europe, where Ford faces intense competition.

(AP, Bloomberg)

CURRENCY & INTEREST RATES

Cross Rates

July 16

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	2.0295	3.384	1.126	0.3335	0.1159*	—	5.4535*	1.3647	1.7438*	1.475	1.3375*
Brussels	36.9275	62.09	20.6475	6.1145	2.122*	18.3425	—	24.95	31.98	26.85	24.58*
Frankfurt	1.793	3.008	—	0.2961	0.1029*	0.8872	4.8432*	1.2144	1.548*	1.306	1.1871*
London (a)	1.6756	—	3.0116	10.1719	2,926.097	3.3911	62.1973	2.4847	194.4728	2.301	253.5275
Madrid	150.971	252.799	84.202	24.946	8.662*	74.837	4.0812	102.237	130.353*	109.964	—
Milan	1,744.10	2,979.28	971.75	287.85	—	864.65	47.152	1,180.00	15.09	1,270.70	11.532
New York (b)	—	1.6787a	1.7914	6.045	1,740.00	2.017	37.175	1.475	115.62	1.3742	150.785
Paris	6.0408	10.134	3.3777	—	0.3473*	2.9999	0.1636	4.0983	5.2254*	4.408	4.009*
Tokyo	115.60	193.92	64.52	19.11	6.664	57.32	3.1252	78.45	—	84.35	0.7659
Toronto	1.3749	2.3064	0.7675	0.2272	0.0791*	0.6816	0.3719*	0.9314	1.1981*	—	0.912*
Zurich	1.4839	2.480	0.8247	0.2442	0.085*	0.7325	3.9908*	—	1.277*	1.0798	0.9796*
1 ECU	1.1053	0.6597	1.9791	6.6848	1,925.14	2.2280	40.8613	1.6311	127.93	1.5165	166.739
1 SDR	1.3792	0.8083	2.4768	8.3564	2,404.19	2.7864	51.1415	2.0326	157.269	1.8899	208.607

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	281.00	Mex. peso	7.92	S. Afr. rand	4.554
Australian $	1.3594	Hong Kong $	7.7486	N. Zealand $	1.5172	S. Kor. won	893.40
Austrian sch.	12.595	Hung. forint	191.97	Norw. krone	7.4731	Swed. krona	7.8276
Brazil real	1.0807	Indian rupee	35.708	Phil. peso	29.00	Taiwan $	27.94
Chinese yuan	8.3216	Indo. rupiah	2453.50	Polish zloty	3.51	Thai baht	29.90
Czech koruna	33.96	Irish £	0.666	Port. escudo	181.73	Turkish lira	153420.
Danish krone	6.826	Israeli shek.	3.5606	Russ ruble	5770.5	UAE dirham	3.6715
Egypt. pound	3.393	Kuw dinar	0.30	Saudi riyal	3.75	Venez. boliv.	490.00
Fin. markka	5.2928	Malay. ringg.	2.585	Sing. $	1.4466		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6734	1.6716	1.6697	Japanese yen	115.22	114.72	114.21
Canadian dollar	1.3695	1.3670	1.3648	Swiss franc	1.4713	1.4660	1.4605
Deutsche mark	1.7871	1.7833	1.7793				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

July 16

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 5/8 - 5 11/16	3 - 3 1/16	1 3/8 - 1 1/2	6 3/4 - 6 13/16	3 3/16 - 3 5/16	1/2 - 9/16	4 5/16 - 4 7/16
3-month	5 5/8 - 5 3/4	3 1/8 - 3 3/16	1 3/8 - 1 1/2	6 15/16 - 7 1/16	3 1/4 - 3 3/8	9/16 - 11/16	4 1/8 - 4 1/4
6-month	5 3/4 - 5 7/8	3 1/8 - 3 1/4	1 7/16 - 1 9/16	7 1/8 - 7 1/4	3 3/8 - 3 1/2	5/8 - 3/4	4 3/16 - 4 5/16
1-year	5 7/8 - 6	3 1/4 - 3 3/8	1 1/2 - 1 5/8	7 1/4 - 7 1/2	3 7/16 - 3 1/2	3/4 - 7/8	4 1/4 - 4 3/8

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/2	8 1/2
Federal funds	5 9/16	5 1/2
90-day CDs dealers	5.61	5.61
180-day CP dealers	5.51	5.51
3 month Treasury bill	5.05	5.00
1-year Treasury bill	5.22	5.24
2-year Treasury bill	5.86	5.90
5-year Treasury note	6.10	6.15
7-year Treasury note	6.14	6.19
10-year Treasury note	6.19	6.25
30-year Treasury bond	6.48	6.54
Merrill Lynch 30-day RA	5.08	5.07
Japan		
Discount rate	0.50	0.50
Call money	0.48	0.46
1-month interbank	0.54	0.54
3-month interbank	0.63	0.63
6-month interbank	0.67	0.67
10-year Govt bond	2.59	2.57
Germany		
Lombard rate	4.50	4.50
Call money	3.10	3.09
1-month interbank	3.15	3.11
3-month interbank	3.15	3.15
6-month interbank	3.24	3.24
10-year Bond	5.79	5.62

Britain		
Bank base rate	6 3/4	6 3/4
Call money	6 1/4	6 3/4
1-month interbank	6 3/4	6 3/4
3-month interbank	6 15/16	6 29/32
6-month interbank	7 1/8	7 1/8
10-year Gilt	7.07	7.11
France		
Intervention rate	3.10	3.10
Call money	3 3/8	3 5/16
1-month interbank	3 1/4	3 5/16
3-month interbank	3 5/16	3 3/8
6-month interbank	3 7/16	3 3/8
10-year OAT	5.47	5.49

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	319.25	—0.75
London	319.50	319.50	—0.25
New York	319.00	318.60	—0.40

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Aug.)
Source: Reuters.

Continued on Page

REPUBLIC NEW YORK CORPORATION
SAFRA REPUBLIC HOLDINGS S.A.

Consolidated Statements of Condition and Summaries of Results

These statements and summaries represent the consolidated accounts of Republic New York Corporation and its wholly owned subsidiaries and of Safra Republic Holdings S.A. and its wholly owned subsidiaries. Republic New York Corporation owns 49% of Safra Republic Holdings S.A., which is accounted for by the equity method.

	REPUBLIC NEW YORK CORPORATION June 30,		SAFRA REPUBLIC HOLDINGS S.A. June 30,	
	1997	1996	1997	1996
	(in thousands of US$ except per share data)			
Assets				
Cash and due from banks	$ 687,209	$ 890,861	$ 64,130	$ 75,251
Interest-bearing deposits with banks	5,413,300	5,573,134	6,652,675	6,532,792
Precious metals	982,508	1,043,985	—	—
Investment securities	23,607,529	19,723,412	8,919,721	8,002,291
Trading account assets	4,826,330	3,508,884	224,184	143,011
Federal funds sold and securities purchased under resale agreements	2,094,029	2,136,323	—	—
Loans, net of unearned income	12,801,172	11,303,917	1,994,617	1,638,857
Allowance for possible loan losses	(325,525)	(339,214)	(120,917)	(129,826)
Other assets	5,965,180	4,738,353	806,628	497,005
Total assets	$ 56,051,732	$ 48,579,655	$ 18,541,038	$ 16,759,381
Liabilities				
Total deposits	$ 33,234,918	$ 30,079,744	$ 14,396,996	$ 12,529,456
Trading account liabilities	4,204,047	3,190,666	194,034	101,389
Short-term borrowings	6,972,685	4,958,942	1,652,648	2,162,857
Other liabilities	4,073,638	3,161,159	443,885	301,947
Long-term debt	1,499,051	1,696,108	155,000	175,000
Subordinated long-term debt and perpetual capital notes	2,400,000	2,406,441	—	—
Manditorily redeemable preferred securities	350,000	—	—	—
Shareholders' Equity				
Cumulative preferred stock	400,000	575,000	—	—
Common stock and surplus, net of treasury shares	731,578	797,290	891,656	889,111
Retained earnings	2,066,707	1,771,982	657,084	573,975
Net unrealized appreciation (depreciation) on securities available for sale, net of taxes	119,108	(57,677)	149,735	25,646
Total shareholders' equity	3,317,393	3,086,595	1,698,475	1,488,732
Total liabilities and shareholders' equity	$ 56,051,732	$ 48,579,655	$ 18,541,038	$ 16,759,381
Book value per share	$ 53.22	$ 45.31	$ 48.11	$ 42.27
Client portfolio assets held in custody			$ 15,095,097	$ 7,722,325
Net income, for the six months ended	$ 220,749	$ 202,642	$ 119,603	$ 90,252
Net income per common share	$ 3.82	$ 3.35	$ 3.39	$ 2.56
Average common shares outstanding	54,699	55,870	35,290	35,200

Risk-Based Capital Ratios

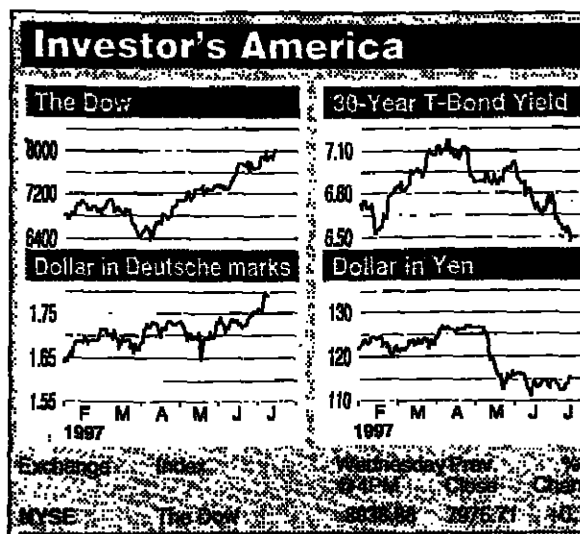
As of June 30, 1997, Republic New York Corporation's risk-based core capital ratio was 13.10% (estimated) and total qualifying capital ratio was 21.90% (estimated). The ratios include the assets, risk-weighted in accordance with the requirements of the Federal Reserve Board specifically applied to Republic New York Corporation on a fully consolidated basis, and capital of Safra Republic Holdings S.A. Total consolidated assets under these requirements exceeded US$ 70 billion and total consolidated capital, including minority interest and subordinated debt, was approximately US$ 7 billion.

Republic New York Corporation
Fifth Avenue at 40th Street
New York, New York 10018

Safra Republic Holdings S.A.
32, boulevard Royal
L-2449 Luxembourg

Banking Locations
New York • Geneva • London • Beijing • Beirut • Beverly Hills • Buenos Aires • Cayman Islands • Copenhagen • Encino • Gibraltar • Guernsey
Hong Kong • Jakarta • Los Angeles • Lugano • Luxembourg • Manila • Mexico City • Miami • Milan • Monte Carlo • Montevideo • Montreal
Moscow • Nassau • Paris • Punta del Este • Rio de Janeiro • Santiago • Sao Paulo • Singapore • Sydney • Taipei • Tokyo • Toronto • Zurich

Investor's America



Exchange	Index	Wednesday @4 P.M.	Prev. Close	% Change
NYSE	The Dow	8038.88	7975.71	+0.79
NYSE	S&P 500	936.56	925.77	+1.17
NYSE	S&P 100	913.87	904.23	+1.07
NYSE	Composite	485.24	480.99	+0.88
U.S.	Nasdaq Composite	1580.63	1542.18	+2.50
AMEX	Market Value	638.03	635.95	+0.49
Toronto	TSE Index	5744.90	5642.40	+1.54
São Paulo	Bovespa	12517.39	11578.16	+8.11
Mexico City	Bolsa	4789.50	4677.80	+2.37
Buenos Aires	Merval	826.69	807.30	+2.33
Santiago	IPSA General	5746.93	5717.16	+0.51
Caracas	Capital General	9216.95	9221.67	-0.05

Source: Bloomberg, Reuters — International Herald Tribune

Very briefly:

AT&T's President Resigns

NEW YORK (AP) — John Walter resigned Wednesday as president of AT&T Corp. after the company decided not to make him the successor to the chairman and chief executive, Robert Allen.

Mr. Walter went to AT&T in November from the printing company R.R. Donnelley & Sons Inc. and was touted as the next leader of the long-distance giant after it split into three companies. Mr. Walter will get $3.8 million in addition to the $22 million he was paid to leave his previous job.

Signs of friction between Mr. Walter and Mr. Allen emerged in the past few months. As AT&T was negotiating to buy SBC Communications Inc., there were reports that Mr. Walter would have been left out of the top management of the new company. Those talks fell apart last month.

Mr. Walter said he was "perfectly qualified" to be AT&T's CEO. "I worked tirelessly on behalf of the shareholders of AT&T," he said.

Lucent Technologies Profit Triples

MURRAY HILL, New Jersey (Bloomberg) — Lucent Technologies Inc.'s third-quarter profit almost tripled on increased sales of switches and wireless equipment to phone companies.

Net income at Lucent, the former equipment business of AT&T Corp., rose to $213 million, or 33 cents a share, from $72 million, or 11 cents, in the year-earlier period. Revenue rose 18 percent in the quarter ended June 30, to $6.34 billion from $5.36 billion.

• **General Dynamics Corp.**'s second-quarter net income rose 19 percent, helped by the January acquisition of Lockheed Martin Corp.'s combat-vehicle and gun-systems businesses. The company, which also makes submarines, destroyer ships, tanks and combat radio systems, said its net income rose to $80 million, from $67 million in the 1996 quarter. Revenue rose to $1.03 billion, from $930 million. *Bloomberg, Reuters*

ITT Plans to Split Into 3 Firms

Move Is Latest Effort to Repel a Hilton Takeover Bid

Compiled by Our Staff From Dispatches

NEW YORK — ITT Corp., in its biggest effort yet to repel a $10.5 billion hostile takeover bid from Hilton Hotels Corp., said Wednesday that it planned to split into three separate companies.

As part of the restructuring, ITT said it would buy back 30 million shares, or a quarter of the total, for $70 each, or $2.1 billion. It also will spend about $2 billion to buy back half its debt.

The new companies would consist of ITT's hotel and casino operations, which include the Sheraton chain; its telephone directory publishing business, and its technical schools.

ITT's chairman and chief executive, Rand Araskog, said the moves were "in keeping with our goal of creating current value for ITT shareholders while enhancing long-term prospects and strategic opportunities for each business."

ITT's shares jumped 4⅜ on the news, trading late at 67¼. Hilton was up ⅜ at 29¼.

In a terse response to ITT's announcement, Hilton called the split up a "scheme" that "reflects a value-destructive 'anybody-but-Hilton' attitude."

Analysts applauded the move. "Not only is this a good defense against Hilton," said James Schmitt, an analyst at Westcountry Financial in Somis, California, but "it's clearly splitting apart some distinct businesses that will make investors happy."

Since Hilton opened its $55-a-share bid in January, Mr. Araskog has fought back by selling prized assets like ITT's stake in Madison Square Garden to raise cash and bolster the stock.

ITT has "thrown the ball back into Bollenbach's court," said Peter Schoenfelf, president of PSAM Asset Management, referring to Hilton's chief executive, Stephen Bollenbach. "Now he has to come to grips with how much he is willing to pay."

ITT's remaining hotels and casinos will be renamed ITT Destinations Inc., and Mr. Araskog will be its chief executive. The telephone directory business will keep the ITT Corp. name, and the technical schools will be called ITT Educational Services Inc.

As part of its plan, ITT said it bought the 20 percent of the telephone book company it did not own from BellSouth Corp. for $254 million in cash. It plans to sell a third of the directory company to the buyout firm Clayton, Dubilier & Rice for $225 million, after the split.

Separately, ITT reported second-quarter earnings of $199 million, up from $96 million a year ago. The 1997 results included an after-tax gain of $116 million for the sale of its 39.8 percent stake in Madison Square Garden and a provision of $5 million for costs associated with the Hilton offer.

Mr. Araskog said that because of its financial flexibility the split would provide more value to shareholders than Hilton could. He estimated that Hilton would have to pay $500 million in taxes to carry out its promise to sell the telephone book business and technical school business.

It would be the second time that the company has split. In 1995, it divided into ITT Industries, a manufacturer; ITT Hartford, an insurer, and the current ITT Corp. *(Bloomberg, AP)*

German Signals Slow Dollar Against Mark

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell against the Deutsche mark but gained against other major currencies Wednesday after German officials sent conflicting signals about Germany's tolerance of a strong dollar.

While some officials said they were not troubled by the dollar's recent surge, others said they wanted a strong mark, suggesting the Bundesbank might sell dollars to lift the German currency. The contradiction left traders hesitant to push the dollar up too far too fast.

"We're still getting green lights from a variety of sources, but we also got a yellow," said Elliott Dix, chief currency trader at Signet Bank in Richmond, Virginia. "The Bundesbank gets antsy when the mark is sliding too fast. The last thing they want to see is the mark plummet."

The dollar was at 1.7914 Deutsche marks in 4 P.M. trading, down from 1.7920 DM the day before. But the currency rose to 115.62 yen from 115.45 yen, to 1.4750 Swiss francs from 1.4735 francs and to 6.0504 French francs from 6.0475 francs.

The pound eased to $1.6787 from $1.6795.

Comments from the German government Wednesday soothed market fears that a central bank intervention was a certain near-term event.

A spokesman reiterated that Germany was in close contact with the Group of Seven industrialized countries in terms of foreign-exchange policy, but he also said there was no need to dramatize the currency situation and that the dollar's and pound's increases reflected conditions in those countries.

That sentiment was reiterated later by Bundesbank council member Guntram Palm and Finance Minister Theo Waigel.

"Short-term currency fluctuations give no reason for worry," Mr. Waigel said.

"It's pure noise," said Marc Chandler, senior currency analyst at Deutsche Morgan Grenfell, speaking of the German government's stated concern of a weak mark. "The true signal is that there is a very low level of concern."

The dollar's run up to a six-year high against the mark is a development that is being greeted with

FOREIGN EXCHANGE

shrugs by many economists because the dollar-yen relationship is by far the most politically sensitive in global foreign-exchange markets, they said.

The dollar's recent gains against the mark, some analysts say, stem largely from growing doubts about whether the euro, the single European currency, will be strong when it makes its scheduled debut in January 1999.

Market confidence in the euro has been shaken by signals from French and German officials that, with unemployment stubbornly high, they are reluctant to embrace the economic austerity necessary to create a disciplined and well-coordinated monetary union.

While the dollar also has risen sharply in recent weeks against the French franc and the currencies of other European nations that plan to join the single-currency scheme, it is trading about 8 percent below its May peak against the yen. The dollar also has been weak against the pound — London has opted out of the single-currency plan.

"What is happening is more for German policymakers to worry about than for the U.S. to worry about," said William Dudley, an economist at Goldman Sachs & Co.

Treasury officials declined to comment for the record.

When the dollar rises against the mark and other European currencies, the implications for trade are not as dramatic — at least not politically — as they are when the dollar rises against the yen, the currency of a country with persistent large trade surpluses. Still, a rise in the dollar against European currencies could cause the U.S. trade deficit to swell by billions of dollars if the rise were sustained, said C. Fred Bergsten, director of the Institute for International Economics. *(Bloomberg, Reuters, WP)*

Software Group Takes Aim at Pirates

New York Times Service

Some people in the Silicon Valley are scrutinizing the advertising industry, contending that software piracy is rampant.

The Business Software Alliance, a watchdog group, was expected to announce a $135,000 settlement Wednesday with Lamar Corp., an outdoor advertising company, for unauthorized copying of applications such as Microsoft Word and Adobe Pagemaker.

The alliance also was expected to announce it was investigating nearly a dozen other advertising firms suspected of using copies of unpaid software.

"Piracy is pervasive in the advertising industry," said Greg Wren, corporate counsel for Adobe Systems Inc. "This sector should be a little more concerned."

Software piracy has appeared in many business segments. But some experts say it may be most widespread in the advertising industry, where many employees use desktop-publishing software and rules about copying software may be lax.

Fear of Devaluation Buffets Brazilian Stocks

By Diana Jean Schemo
New York Times Service

RIO DE JANEIRO — Nervousness about the Brazilian stock market's astronomical run-up this year, mixed with fears that the nation's currency could come under devaluation pressures like those in Asia, have created a sell-off in Brazilian shares.

After pulling back sharply in the previous two sessions, stocks plunged 8.5 percent Tuesday, before gaining back some of their losses in afternoon trading Wednesday. The drop Tuesday also dragged down markets in Mexico, Argentina and other Latin American countries. In late trading Wednesday, the Bovespa index was up 297.65 points, or 2.56 percent, to 11,914.68.

The declines were steepest in companies such as Telecomunicacoes Brasileiras SA, the telecommunications holding company that had been the motor of the Bovespa's stunning 93 percent run-up this year before Friday. "The market here had a propensity to fall, and it was looking for a reason," said Maria Amalia Coutrim of Opportunity, an asset-management company.

Other analysts said there had been talk of a correction in recent weeks, so a sell-off was easily ignited. Geoffrey Dennis, a strategist in emerging markets for HSBC James Capel, said that talk of a devaluation was a wild card that could make the correction more serious than originally foreseen.

"Whether this turns into a major crash very much depends on whether it turns into a currency crisis," in which case, he said, the market would have "significant downside," dropping 30 to 50 percent.

AMEX

Wednesday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.
The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7999.17	8069.78	7953.41	8038.88	+63.17
Trans	2849.25	2896.03	2833.38	2889.99	+55.60
Util	233.43	233.71	231.77	233.46	+0.03
Comp	2461.14	2485.14	2451.66	2478.19	+24.85

Standard & Poors

	Previous High	Low	Close	Today 4 P.M.
Industrials	1093.55	1079.22	1093.53	1106.61
Transp.	663.51	651.72	662.81	670.70
Utilities	201.90	200.29	201.82	201.95
Finance	104.24	103.14	103.95	105.25
SP 500	926.15	914.52	925.76	936.56
SP 100	904.95	891.94	904.20	913.87

NYSE

	High	Low	3P.M.	Chg.
Composite	484.39	480.99	483.98	+2.99
Industrials	616.15	612.27	615.41	+3.29
Transp.	437.93	432.87	437.54	+4.40
Utility	291.73	288.79	290.85	+2.06
Finance	440.73	436.66	440.58	+3.92

Nasdaq

	High	Low	3P.M.	Chg.
Composite	1572.71	1557.08	1572.60	+30.49
Industrials	1243.70	1232.06	1243.49	+8.44
Banks	1679.40	1667.32	1678.16	+11.56
Insurance	1695.80	1680.93	1683.00	-6.53
Finance	1983.58	1976.74	1982.61	+8.38
Transp.	1004.59	991.56	997.85	+7.39

AMEX

High	Low	3P.M.	Chg.
637.03	634.95	636.67	+1.72

Dow Jones Bond

	Close	Chg.
20 Bonds	103.75	+0.28
10 Utilities	101.28	+0.54
10 Industrials	106.21	+0.01

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
EKodak	166142	69⅞	67⅝	68½	-⅝
ColHCA s	127390	39	34	34⅞	-4⅝
Pfizer s	92492	61⅞	59⅞	59⅞	-2⅞
TimeWarn	71133	49⅝	46⅞	49⅞	+4⅞
HewlettPk	68817	70⅞	68	69⅞	+⅞
PhilMor s	61716	43⅞	42⅞	43⅞	+⅞
TelBrasil	59291	148	135⅞	147⅞	+12⅞
Seagate s	58870	41⅞	39⅞	40⅞	+1⅞
MicrnT	58689	49⅞	47⅞	48⅞	[illegible]
BayNtwk	58673	29⅞	27⅞	28⅞	+⅞
FordM	58250	41⅞	40⅞	40⅞	-1⅞
Iomega	57772	23⅞	22⅞	22⅞	+1⅞
WDigitl s	54786	44⅞	42	44	+4⅞
PepsiCo	53630	37⅞	36	36⅞	-⅞
IBM s	52907	98	95⅞	97⅞	+1⅞

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel s	369612	86⅞	84⅞	86⅞	+5⅞
MCI	139936	36⅞	36	36⅞	+⅞
Ascend	112384	56⅞	54⅞	56⅞	+⅞
Microsft s	104341	147⅞	140	146⅞	+7⅞
Andrew s	85082	33	25⅞	27⅞	-5⅞
Quantum s	81916	28	25⅞	27⅞	+2⅞
3Com	75530	59⅞	58⅞	59⅞	+⅞
SunMic s	65788	44⅞	42⅞	43⅞	+1⅞
Oracle	64949	57	57⅞	57⅞	+1⅞
Amgen	62857	60	58⅞	59⅞	+2⅞
Cisco	56426	80	79	79⅞	+1⅞
Intel wt s	56002	66⅞	63⅞	66	+5⅞
Danka	42987	42⅞	38⅞	42	+3⅞
PairaTch	41888	17⅞	16⅞	17	[illegible]
WorldCm	41294	33⅞	32⅞	32⅞	[illegible]

AMEX

	Vol.	High	Low	Last	Chg.
Harken	25783	6⅞	6⅞	6⅞	[illegible]
SPDR	25119	94⅞	92⅞	93⅞	+1⅞
Nabors	18078	31⅞	28⅞	30⅞	+2⅞
Crystlin gn	14949	2⅞	2⅞	2⅞	[illegible]
HarvDir	8351	1⅞	1⅞	1⅞	[illegible]
ViacB	8076	29⅞	28⅞	28⅞	[illegible]
IvaxCp	7949	11⅞	11	11⅞	[illegible]
TWA	7335	7⅞	6⅞	6⅞	[illegible]
SubstAbus	6713	[illegible]	[illegible]	[illegible]	[illegible]
BAT Ind	6365	19	18⅞	19	[illegible]

Trading Activity

NYSE

	Close	Prev.
Advanced	2000	1527
Declined	925	1348
Unchanged	507	555
Total issues	3432	3430
New Highs	526	327
New Lows	16	19

Nasdaq

	Noon	Prev.
Advanced	1707	2350
Declined	1499	1754
Unchanged	2187	1632
Total issues	5393	5776
New Highs	215	329
New Lows	54	69

AMEX

	Close	Prev.
Advanced	326	321
Declined	253	256
Unchanged	191	156
Total issues	770	733
New Highs	70	50
New Lows	7	9

Market Sales

	Today 4:00	Prev. cons.
NYSE	651.70	714.76
Amex	27.93	33.94
Nasdaq	797.96	740.46

In millions

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Lord AbbttGrEq A	-	.03	7-15	7-24
Lord AbbttGrEq C	-	.01	7-15	7-24
MBNA Cp adjpf B	-	.4161	9-30	10-15
Simon Capital	-	.42	7-25	8-15
Transp GasSur	b	7-21	—	
STOCK SPLIT				
Coral Fst BncShs 2 for 1 split.				
Clorox Co 2 for 1 split.				
Empresa NacionEl 4 for 1 split.				
STOCK				
PennFirst Bncp	-	10%	7-31	8-25
F&M Bancorp	-	5%	7-25	8-8
REVERSE STOCK SPLIT				
Odyssey Petrol 1 for 3 reverse split.				
Zing Techs one share of Transitional Analysis Comp Tech Inc for every 5.				
INCREASED				
CCB Fncl	Q	.47	9-15	10-1
CKF Bancorp	S	.25	7-28	8-11
Clorox Co	Q	.64	7-28	8-15
Queens CtyBncp	Q	.25	8-1	8-15
Roanoke Elecl	Q	.13	8-8	8-25
Wash Mutual	Q	.27	7-31	8-15
INITIAL				
Market Fncl	-	.07	7-31	8-15
Schlumberger Ltd	-	.1875	9-5	10-10
SPECIAL				
Westwood Fncl	-	.05	7-31	10-17
REGULAR				
Barclays Bk ADR	b	.7031	7-24	9-2
Chase Pfd Cap A	Q	.50625	9-15	9-30
CoreStates Fncl	Q	.47	9-5	10-1
Dun & Bradstreet	Q	.22	8-20	9-10
FFY Fncl	Q	.175	7-31	8-14
F&M Bcp MD.	Q	.22	7-25	8-1
FSF Fncl	Q	.125	7-31	8-14
Falconbridge Ltd	Q	.10	7-25	8-14
Gibl HlincDllr	M	.106	7-24	7-31
Hawaiian Elect	Q	.61	8-11	9-10
MBNA Corp	Q	.12	9-9	10-1
NJ Resour	Q	.40	9-15	10-1
Northwest Equity	Q	.12	7-25	8-1
Oxford Indus	Q	.20	8-15	8-30
Panhandle Royalty	Q	.20	8-11	9-9
Pinnacle BancGp	Q	.22	7-28	8-7
Pub Svc Enterpr	Q	.54	9-9	9-30
Southwest Gas	Q	.205	8-15	9-1
UMB Fncl	Q	.20	9-12	10-1
Village Bancorp	Q	.18	7-25	8-1

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration. a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99. cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y - ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

July 16, 1997

Grains

CORN (CBOT) 5,000 bu minimum - cents per bushel

	High	Low	Latest	Chge	OpInt
Jul 97	269	264¾	266½	-4½	8,783
Sep 97	255¾	249	250	-6	62,548
Dec 97	256	249½	250¼	-5¾	144,497
Mar 98	264	258	258¼	-6¼	28,995
May 98	266½	264	264	-6½	5,398
Jul 98	269¾	266½	266¾	-6¼	8,666
Sep 98	258½	256½	257	-3	943

Est. sales N.A. Tue's. sales 124,183
Tue's open int 264,986 off 6992

SOYBEAN MEAL (CBOT) 100 tons - dollars per ton

	High	Low	Latest	Chge	OpInt
Jul 97	271.80	265.80	265.80	-6.90	4,239
Aug 97	250.00	243.80	244.40	-7.50	25,342
Sep 97	227.50	222.50	222.90	-6.50	16,427
Oct 97	207.50	202.50	204.40	-5.40	14,630
Dec 97	199.20	195.00	196.30	-5.90	35,705
Jan 98	197.50	194.00	195.10	-5.60	5,376

Est. sales N.A. Tue's. sales 227,485
Tue's open int 113,938 off 1340

SOYBEAN OIL (CBOT) 60,000 lbs - cents per lb

	High	Low	Latest	Chge	OpInt
Jul 97	22.55	22.25	22.1	-0.55	2,169
Aug 97	22.62	22.25	22.26	-0.53	20,548
Sep 97	22.83	22.40	22.42	-0.51	16,056
Oct 97	22.85	22.44	22.44	-0.51	14,295
Dec 97	23.00	22.59	22.60	-0.49	39,031
Jan 98	23.08	22.72	22.72	-0.48	5,658

Est. sales N.A. Tue's. sales 24,285
Tue's open int 197,431 up 88017

SOYBEANS (CBOT) 5,000 bu minimum - cents per bushel

	High	Low	Latest	Chge	OpInt
Jul 97	808	777	782	-29	2,528
Aug 97	774½	745½	745½	-30	34,417
Sep 97	671	652	653	-24½	13,047
Nov 97	624	606	609	-16¾	70,471
Jan 98	620	611	612½	-16¼	14,703

Est. sales N.A. Tue's. sales 52,101
Tue's open int 145,166 off 1929

WHEAT (CBOT) 5,000 bu minimum - cents per bushel

	High	Low	Latest	Chge	OpInt
Jul 97	330	325	325	-7	1,099
Sep 97	337	331	331½	-6¼	41,742
Dec 97	352½	346½	347	-5¼	36,873
Mar 98	359½	355	355½	-6	6,624

Est. sales N.A. Tue's. sales 24,076
Tue's open int 90,525 off 130

Livestock

CATTLE (CMER) 40,000 lbs - cents per lb

	High	Low	Latest	Chge	OpInt
Aug 97	66.90	66.02	66.65	+0.80	34,779
Oct 97	69.70	69.00	69.57	+0.85	32,593
Dec 97	71.70	70.90	71.47	+0.57	15,974
Feb 98	73.55	72.90	73.47	+0.75	8,222
Apr 98	75.37	74.80	75.27	+0.55	3,399
Jun 98	72.05	71.30	71.75	+0.45	2,418

Est. sales 18,899 Tue's. sales 20,576
Tue's open int 97,476 up 1338

FEEDER CATTLE (CMER) 50,000 lbs - cents per lb

	High	Low	Latest	Chge	OpInt
Aug 97	82.30	81.30	82.10	+1.27	11,133
Sep 97	82.40	81.25	82.30	+1.25	3,050
Oct 97	82.60	81.55	82.57	+1.17	4,537
Nov 97	84.17	82.85	83.67	+1.00	3,218
Jan 98	84.80	83.97	84.56	+0.95	1,572
Mar 98	84.25	83.10	84.20	+1.00	770

Est. sales 3,692 Tue's. sales 3,473
Tue's open int 24,554 up 290

HOGS-Lean (CMER) 40,000 lbs - cents per lb.

	High	Low	Latest	Chge	OpInt
Jul 97			83.72		2,154
Aug 97	81.35	80.30	80.65	-0.32	12,898
Oct 97	74.45	73.45	73.90	-0.27	11,738
Dec 97	71.30	70.42	70.90	-0.27	5,383
Feb 98	69.60	68.90	69.47	-0.17	1,899

Est. sales 5,985 Tue's. sales 10,407
Tue's open int 36,843 up 919

PORK BELLIES (CMER) 40,000 lbs - cents per lb

	High	Low	Latest	Chge	OpInt
Jul 97	86.40	84.70	85.60	-0.20	509
Aug 97	83.45	81.87	82.47	-0.35	4,544
Feb 98	71.60	70.32	70.72	-0.72	875

Est. sales 1,495 Tue's. sales 2,644
Tue's open int 5,959 off 186

Food

COCOA (NCSE) 10 metric tons - $ per ton

	High	Low	Latest	Chge	OpInt
Jul 97	1580	1545	1571	-12	43
Sep 97	1591	1570	1576	-19	32,175
Dec 97	1636	1619	1625	-18	25,812
Mar 98	1666	1654	1660	-16	21,786
May 98	1685	1677	1680	-16	10,087
Jul 98	1698	1696	1698	-16	1,149

Est. sales 5,436 Tue's. sales 6,242
Tue's open int 102,426 up 1327

COFFEE C (NCSE) 37,500 lbs - cents per lb

	High	Low	Latest	Chge	OpInt
Jul 97	188.00	182.50	187.25	+2.75	341
Sep 97	164.25	158.00	161.50	+3.65	11,028
Dec 97	150.50	145.50	148.30	+2.40	5,568
Mar 98	141.00	138.10	138.75	+0.25	2,613
May 98	136.50	135.50	135.50	+0.25	902

Est. sales 8,260 Tue's. sales 6,023
Tue's open int 20,989 off 134

SUGAR-WORLD 11 (NCSE) 112,000 lbs - cents per lb.

	High	Low	Latest	Chge	OpInt
Oct 97	11.34	10.96	11.30	+0.33	90,349
Mar 98	11.49	11.16	11.47	+0.31	43,745
May 98	11.35	11.08	11.33	+0.25	10,493
Jul 98	11.25	11.01	11.25	+0.23	5,185

Est. sales 33,951 Tue's. sales 31,472
Tue's open int 152,791 off 231

ORANGE JUICE (NCTN) 15,000 lbs - cents per lb.

	High	Low	Latest	Chge	OpInt
Sep 97	75.80	74.00	74.80	+0.30	19,621
Nov 97	77.70	76.80	77.45	+0.25	6,752
Jan 98	80.70	80.60	80.40	+0.10	2,722
Mar 98	83.80	83.00	83.30	-0.25	1,861

Est. sales N.A. Tue's. sales 1,182
Tue's open int 31,513 off 22

Metals

GOLD (NCMX) 100 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	OpInt
Jul 97			318.00	-0.30	2
Aug 97	322.00	317.60	318.70	-0.30	105,205
Sep 97			319.30	-0.30	2
Oct 97	323.20	320.00	320.20	-0.20	11,059
Dec 97	325.50	321.60	322.10	-0.30	40,939
Feb 98	326.00	324.10	324.10	-0.30	10,072
Apr 98			326.20	-0.30	5,133
Jun 98	331.00	328.60	328.60	-0.30	7,547
Aug 98			331.00	-0.40	1,355

Est. sales N.A. Tue's. sales 33,737
Tue's open int 217,370 up 24867

HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Jul 97	107.50	106.40	107.00	-1.10	4,869
Aug 97	104.60	103.40	104.05	-1.15	3,986
Sep 97	104.70	102.80	103.80	-0.90	27,855
Oct 97	103.30	102.90	102.90	-0.80	1,473
Nov 97	102.70	102.50	102.70	-0.90	1,255
Dec 97	102.30	101.50	101.90	-0.80	7,968
Jan 98	101.10	101.00	101.10	-1.10	740
Feb 98			100.60	-0.80	632
Mar 98	100.30	100.10	100.10	-0.80	2,098

Est. sales N.A. Tue's. sales 6,712
Tue's open int 50,009 up 823

SILVER (NCMX) 5,000 troy oz.- cents per troy oz.

	High	Low	Latest	Chge	OpInt
Jul 97	430.00	415.50	415.50	-11.30	194
Sep 97	433.50	418.00	418.50	-11.20	64,477
Dec 97	439.50	424.00	424.60	-11.30	15,445
Jan 98	440.50	426.30	426.30	-11.40	19
Mar 98	446.00	430.60	430.60	-11.50	9,427
May 98			434.40	-11.50	2,864
Jul 98	451.00	438.20	438.20	-11.50	2,054
Sep 98			442.20	-11.50	713

Est. sales N.A. Tue's. sales 14,762
Tue's open int 99,155 up 16533

PLATINUM (NMER) 50 troy oz.- dollars per troy oz.

	High	Low	Latest	Chge	OpInt
Jul 97	405.20	402.00	402.20	+1.80	625
Oct 97	395.20	385.70	392.20	+5.80	9,688
Jan 98	390.20	384.80	387.20	+5.80	1,376

Est. sales N.A. Tue's. sales 1,192
Tue's open int 17,338 off 285

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1537½	1538½	1539½	1540½
Forward	1566.00	1567.00	1568.00	1569.00
Copper Cathodes (High Grade)				
Spot	2442.00	2446.00	2532.00	2535.00
Forward	2264.00	2265.00	2287.00	2288.00
Lead				
Spot	627.00	628.00	628.00	629.00
Forward	640.00	641.00	643.00	644.00
Nickel				
Spot	6615.00	6620.00	6755.00	6765.00
Forward	6725.00	6735.00	6870.00	6880.00
Tin				
Spot	5370.00	5380.00	5475.00	5485.00
Forward	5430.00	5435.00	5530.00	5540.00
Zinc (Special High Grade)				
Spot	1490½	1492½	1485.00	1486.00
Forward	1497.00	1497.00	1494.00	1495.00

Financial

US T. BILLS (CMER) $1 million- pts of 100 pct.

	High	Low	Close	Chge	OpInt
Sep 97	94.90	94.88	94.89	-0.01	7,484
Dec 97	94.76	94.75	94.75	-0.01	607
Mar 98	94.68	94.68	94.68	-0.04	14

Est. sales 225 Tue's. sales 794
Tue's open int 8,105 off 232

5 YR. TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct

	High	Low	Close	Chge	OpInt
Sep 97	107-14	106-59	107-11	+15	224,317
Dec 97	106-61	106-51	106-59	+15	2,449
Mar 98			107		

Est. sales N.A. Tue's. sales 36,851
Tue's open int 226,766 up 3433

10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct

	High	Low	Close	Chge	OpInt
Sep 97	109-29	109-13	109-26	+12	346,814
Dec 97	109-16	109-10	109-16	+13	7,867
Mar 98			109-05	+13	19

Est. sales N.A. Tue's. sales 61,146
Tue's open int 354,691 off 4200

US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)

	High	Low	Close	Chge	OpInt
Sep 97	114-27	113-30	114-22	+24	482,389
Dec 97	114-15	113-18	114-10	+24	32,541
Mar 98	114-02	114-00	114-00	+24	13,605
Jun 98			113-21	+24	786

Est. sales N.A. Tue's. sales 347,330
Tue's open int 530,402 up 1107

LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct

	High	Low	Close	Chge	OpInt
Aug 97	94.33	94.32	94.33		23,795
Sep 97	94.33	94.31	94.32		7,277
Oct 97	94.30	94.28	94.29	-0.01	2,773

Est. sales 7,319 Tue's. sales 4,447
Tue's open int 54,283 up 76

GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct

	High	Low	Close	Chge	OpInt
Sep 97	102.62	102.33	102.43	+0.11	274,705
Dec 97	101.59	101.48	101.53	+0.12	9,701

Est. sales 155,368. Prev. sales 225,218
Prev. open int: 284,406 off 4,715

LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct

	High	Low	Latest	Chge	OpInt
Sep 97	114-19	113-31	114-14	+0-10	174,677
Dec 97	N.T.	N.T.	114-02	+0-10	1,113

Est. sales: 64,875. Prev. sales: 79,341
Prev. open int.: 175,790 up 1,807

10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Sep 97	130.32	130.04	130.14	+0.16	209,584
Dec 97	98.86	98.86	98.84	+0.18	4,367

Est. sales: 88,896.
Open int.: 213,951 off 5,662.

ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Sep 97	135.78	135.38	135.61	+0.07	103,184
Dec 97	107.80	107.67	107.73	+0.06	2,230

Est. sales: 43,434. Prev. sales: 66,647
Prev. open int.: 105,414 off 2,206

EURODOLLARS (CMER) $1 million-pts of 100 pct.

	High	Low	Latest	Chge	OpInt
Aug 97	94.26	94.25	94.25		22,853
Sep 97	94.24	94.22	94.23	+0.01	534,882
Dec 97	94.08	94.04	94.06	+0.02	461,462
Mar 98	94.03	93.98	94.01	+0.03	313,948
Jun 98	93.93	93.88	93.92	-0.04	265,205
Sep 98	93.85	93.79	93.83	-0.04	214,313
Dec 98	93.74	93.68	93.72	+0.04	158,655
Mar 99	93.73	93.66	93.71	+0.04	119,937
Jun 99	93.69	93.64	93.67	+0.05	89,445
Sep 99	93.66	93.61	93.65	-0.06	76,208
Dec 99	93.61	93.55	93.59	-0.06	70,091

Est. sales 390,900 Tue's. sales 373,472
Tue's open int 2,687,548 off 8235

BRITISH POUND (CMER) 62,500 pounds, $ per pound

	High	Low	Latest	Chge	OpInt
Sep 97	1.6786	1.6682	1.6742		63,411
Dec 97	1.6660	1.6660	1.6684		919
Mar 98	1.6600	1.6590	1.6624		3

Est. sales 9,195 Tue's. sales 14,927
Tue's open int 64,333 off 2810

CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Can. dlr

	High	Low	Latest	Chge	OpInt
Sep 97	.7326	.7298	.7301		30,060
Dec 97	.7343	.7335	.7337		2,493
Mar 98	.7375	.7367	.7367		560

Est. sales 6,612 Tue's. sales 6,091
Tue's open int 43,544 up 35

GERMAN MARK (CMER) 125,000 marks, $ per mark

	High	Low	Latest	Chge	OpInt
Sep 97	.5625	.5576	.5606		112,616
Dec 97	.5646	.5614	.5642		1,126
Mar 98	.5653	.5653	.5679		432

Est. sales 22,850 Tue's. sales 25,309
Tue's open int 114,281 off 523

JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen

	High	Low	Latest	Chge	OpInt
Sep 97	.8749	.8667	.8731		56,852
Dec 97	.8850	.8782	.8846		1,456
Mar 98			.8959		153

Est. sales 17,274 Tue's. sales 41,963
Tue's open int 58,461 off 421

SWISS FRANC (CMER) 125,000 francs, $ per franc

	High	Low	Latest	Chge	OpInt
Sep 97	.6852	.6780	.6823		52,625
Dec 97	.6903	.6856	.6874		1,358
Mar 99			.6968		666

Est. sales 18,592 Tue's. sales 14,885
Tue's open int 54,829 up 1516

MEXICAN PESO (CMER) 500,000 pesos, $ per peso

	High	Low	Latest	Chge	OpInt
Sep 97	.12412	.12200	.12437		18,486
Dec 97	.11980	.11810	.11977		10,907
Mar 98	.11660	.11460	.11597		4,510

Est. sales 14,576 Tue's. sales 10,414
Tue's open int 35,436 up 259

3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Sep 97	92.85	92.82	92.84	+0.01	122,267
Dec 97	92.64	92.59	92.62	-0.04	129,385
Mar 98	92.57	92.49	92.55	+0.05	103,620
Jun 98	92.55	92.48	92.54	+0.05	68,217
Sep 98	92.58	92.51	92.56	-0.05	47,990
Dec 98	92.61	92.54	92.59	-0.05	37,463
Mar 99	92.64	92.58	92.63	-0.05	32,020

Est. sales 74,432 Prev. sales 51,723
Prev. open int 592,958 off 463

3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Aug 97	96.82	96.82	96.82	-0.01	1,261
Sep 97	96.79	96.76	96.76	-0.01	284,973
Oct 97	N.T.	N.T.	96.71	-0.01	935
Dec 97	96.65	96.62	96.64	-0.02	252,735
Mar 98	96.55	96.52	96.55	-0.01	257,380
Jun 98	96.40	96.36	96.38	-0.01	188,696
Sep 98	96.22	96.18	96.20	-0.01	148,441
Dec 98	95.97	95.95	95.95	-0.01	122,172
Mar 99	95.76	95.72	95.75	-0.02	88,822
Jun 99	95.54	95.53	95.55	-0.02	51,897

Est. sales: 145,120 Prev. sales: 305,817
Prev. open int: 1,556,954 off 7,710

3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Sep 97	96.52	96.43	96.49	Unch.	73,392
Dec 97	96.46	96.42	96.43	Unch.	34,772
Mar 98	96.39	96.35	96.37	-0.01	27,367
Jun 98	96.32	96.27	96.29	Unch.	27,158
Sep 98	96.22	96.19	96.20	-0.02	33,860
Dec 98	96.03	96.00	96.02	-0.03	21,384
Mar 99	95.84	95.83	95.92	-0.02	15,374
Jun 99	95.66	95.63	95.65	-0.02	8,652
Sep 99	95.49	95.45	95.48	-0.01	6,066

Est. sales: 33,225
Open int: 259,148 up 1,754

3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct

	High	Low	Latest	Chge	OpInt
Sep 97	93.36	93.30	93.32	-0.02	111,307
Dec 97	93.71	93.66	93.69	-0.01	39,505
Mar 98	94.04	93.96	94.01	-0.02	52,914
Jun 98	94.31	94.23	94.26	-0.04	39,680
Sep 98	94.50	94.42	94.45	-0.04	30,431
Dec 98	94.60	94.54	94.57	-0.04	12,760

Est. sales 43,615 Prev. sales 64,677
Prev. open int 364,073 off 2,484

Industrials

COTTON 2 (NCTN) 50,000 lbs.- cents per lb.

	High	Low	Latest	Chge	OpInt
Oct 97	74.35	73.85	74.18	-0.06	12,320
Dec 97	74.32	73.76	74.20	-0.04	46,707
Mar 98	75.55	75.15	75.40	-0.03	9,541
May 98	76.15	75.60	76.05	-0.05	2,367
Jul 98	76.75	76.60	76.65	-0.05	1,445

Est. sales N.A. Tue's. sales 16,563
Tue's open int 77,888 off 1095

HEATING OIL (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	OpInt
Aug 97	53.10	52.35	52.68	-0.27	32,144
Sep 97	53.70	53.05	53.35	-0.28	26,026
Oct 97	54.40	53.80	54.10	-0.23	22,716
Nov 97	55.25	54.80	55.00	-0.18	17,146
Dec 97	56.10	55.60	55.80	-0.18	18,137
Jan 98	56.60	56.30	56.40	-0.13	13,924
Feb 98	56.95	56.30	56.70	-0.08	7,268
Mar 98	56.35	55.60	55.95	-0.08	6,526
Apr 98	54.95	54.70	54.70	-0.09	2,970

Est. sales 23,279 Tue's. sales 29,167
Tue's open int 155,669 up 1964

LIGHT SWEET CRUDE (NMER) 1,000 bbl - dollars per bbl

	High	Low	Latest	Chge	OpInt
Aug 97	19.80	19.47	19.63	-0.04	54,075
Sep 97	19.85	19.58	19.69	-0.07	70,442
Oct 97	19.89	19.65	19.73	-0.10	42,098
Nov 97	19.90	19.71	19.73	-0.16	21,674
Dec 97	19.95	19.70	19.80	-0.13	45,209
Jan 98	19.92	19.75	19.80	-0.13	24,221
Feb 98	19.83	19.77	19.77	-0.21	10,842
Mar 98	19.92	19.78	19.78	-0.22	5,600
Apr 98	19.85	19.83	19.85	-0.17	5,322
May 98			20.04	+0.36	7,071

Est sales 112,167 Tue's. sales 127,058
Tue's open int 410,160 off 6165

NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu

	High	Low	Latest	Chge	OpInt
Aug 97	2.205	2.158	2.174		29,682
Sep 97	2.185	2.150	2.158		28,949
Oct 97	2.185	2.155	2.160		25,424
Nov 97	2.310	2.285	2.290		12,175
Dec 97	2.440	2.420	2.420		15,050
Jan 98	2.485	2.455	2.460		15,634
Feb 98	2.390	2.375	2.375		10,610
Mar 98	2.285	2.262	2.262		6,913
Apr 98	2.145	2.132	2.132		3,414
May 98	2.105	2.092	2.092		2,868

Est. sales 31,364 Tue's. sales 34,795
Tue's open int 199,165 up 258

UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal

	High	Low	Latest	Chge	OpInt
Aug 97	61.00	59.90	60.46	+0.52	30,101
Sep 97	58.90	58.05	58.28	-0.03	20,730
Oct 97	56.85	56.50	56.53	-0.08	8,568
Nov 97	55.95	55.78	55.78	-0.06	3,379
Dec 97	55.80	55.35	55.44	-0.06	6,485
Jan 98	55.66	55.60	55.66	-0.09	5,358
Feb 98	56.35	56.10	56.11	-0.09	1,486
Mar 98			56.76	-0.09	3,290

Est. sales 27,616 Tue's. sales 27,468
Tue's open int 80,707 up 2329

GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons

	High	Low	Latest	Chge	OpInt
Aug 97	165.00	163.00	163.75	-1.00	24,806
Sep 97	166.25	164.50	165.75	+1.50	8,500
Oct 97	168.50	167.25	168.00	+1.50	7,907
Nov 97	169.75	169.50	169.75	+1.75	5,284
Dec 97	171.50	170.75	171.25	+1.75	10,262
Jan 98	172.25	171.50	172.00	+1.75	6,357
Feb 98	172.25	172.25	172.25	+1.75	36,634
Mar 98	[illegible]	171.00	170.75	+1.75	1,822

Est. sales: 10,976 Prev. sales: 12,990
Prev. open int: 72,629 off 802

BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels

	High	Low	Latest	Chge	OpInt
Aug 97	18.45	18.31	18.40	+0.01	10,451
Sep 97	18.45	18.25	18.30	-0.07	84,319
Oct 97	18.54	18.38	18.39	-0.06	79,943
Nov 97	18.61	18.52	18.50	-0.05	11,240
Dec 97	18.70	18.60	18.58	-0.06	16,132
Jan 98	18.69	18.60	18.59	-0.06	11,637
Feb 98	18.68	18.65	18.58	-0.06	4,601
Mar 98	18.62	18.55	18.56	-0.06	2,545

Est. sales 43,580. Prev. sales 64,285
Prev. open int 168,404 off 10,137

Stock Indexes

S&P COMP. INDEX (CMER) 500 x index

	High	Low	Latest	Chge	OpInt
Sep 97	946.75	931.80	943.90	+12.15	180,491
Dec 97	956.30	945.70	956.30	+14.70	5,326
Mar 98			951.65		1,765

Est. sales N.A. Tue's. sales 66,252
Tue's open int 188,089 up 703

CAC 40 (MATIF) FF200 per index point

	High	Low	Latest	Chge	OpInt
Jul 97	3009.00	2975.0	2999.0	+41.0	30,007
Aug 97	3010.50	2994.0	3007.00	+41.0	3,009
Sep 97	3620.00	2990.0	3015.50	+41.0	21,427
Dec 97	N.T.	N.T.	3039.00	+41.0	990
Mar 98	N.T.	N.T.	3063.50	+41.0	8,817

Est. sales: 14,485
Open int.: 71,936 off 152

FTSE 100 (LIFFE) £25 per index point

	High	Low	Latest	Chge	OpInt
Sep 97	5058.0	4945.0	5016.0	+84.0	71,386
Dec 97	5120.0	5057.0	5079.0	+85.5	4,679
Mar 98	N.T.	N.T.	5118.0	+86.0	101

Est. sales: 22,794. Prev. sales: 15,141
Prev. open int: 76,166 up 539

Commodity Indexes

	Close	Previous
Moody's	1,525.20	1,520.70
Reuters	1,887.80	1,903.70
D.J. Futures	146.86	147.06
CRB	234.02	235.15

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange

هكذا من الاصل

gnals Slow, inst Mark

ber Guntram Palm and Fin Minister Theo Waigel.

"Short-term currency flu ations give no reason for wor Mr. Waigel said.

"It's pure noise," said Ig Chandler, senior currency analy Deutsche Morgan Grenfell, spe ing of the German governme stated concern of a weak do "The true signal is that there very low level of concern."

The dollar's run up to a sev high against the mark is a dev opment that is being greeted

FOREIGN EXCHANGE

shrugs by many economists cause the dollar-yen relationsh by far the most politically sens in global foreign-exchange m kets, they said.

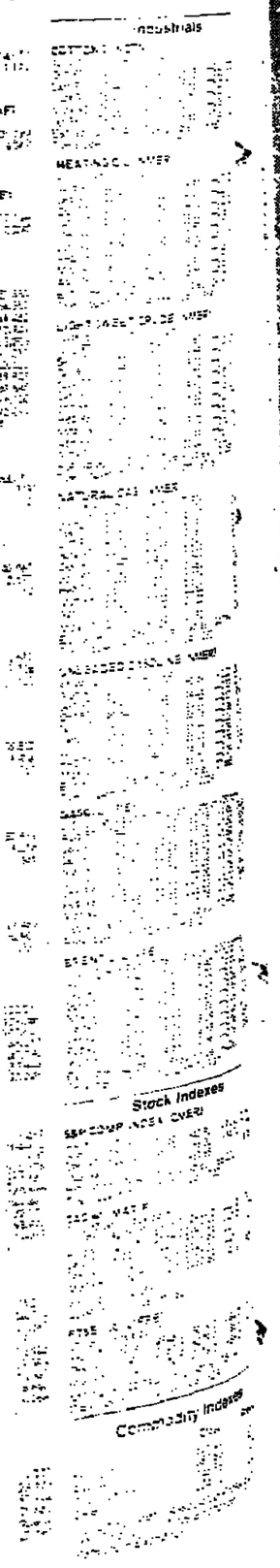
The dollar's recent gains aga the mark, some analysts say, a largely from growing doubts ab whether the euro, the single Eu pean currency, will be strong e it makes its scheduled debu January 1999.

Market confidence in the e has been shaken by signals fr French and German officials t with unemployment stubbor high, they are reluctant to endu the economic austerity necessar create a disciplined and well ordinated monetary union.

While the dollar also has s sharply in recent weeks against French franc and the currency other European nations that pl join the single-currency scheme is trading about 1 percent belo May peak against the yen. The lar also has been weak against pound — Lon[illegible] — plaguing the single-currency plan.

"What is happening [illegible] German politicians [illegible] about their [illegible] is a [illegible] about," said William Dudley, economist at Goldman Sachs & Co. Treasury Secretary Robert Rubin's comments [illegible].

While the dollar [illegible] years and other [illegible] cies, the [illegible] not a [illegible] the [illegible] dollar [illegible] ket to [illegible] the mark [illegible] Bergsten, [illegible] for Internat[illegible]



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BT's Plan to Review MCI Venture Fails To Assure Investors

Compiled by Our Staff From Dispatches

EDINBURGH — British Telecommunications PLC's share price fell Wednesday after the company said it could not make any promises about the future of its ambitious merger plan with MCI Communications Corp. before a review of the U.S. carrier's prospects.

At its shareholders' meeting, British Telecommunications affirmed its commitment to the U.S. market and to its relationship with MCI Communications, but it stopped short of saying whether it would renegotiate terms of its $25 billion purchase of MCI.

"Our strategic relationship with MCI is of key importance to us and will remain so," Sir Iain Vallance, the chairman, said at the company's annual general meeting, which drew 930 shareholders.

"There are significant structural changes taking place in the U.S. market," he said, adding that "the consequence of these changes for any players is hard to predict."

But the statement failed to reassure investors, and BT's shares fell 7 pence to close at 446 ($7.57).

"Until we have completed our review, we cannot give you explicit guidance as to the implications," Mr. Vallance told shareholders.

BT's review will be headed by Sir Peter Bonfield, chief executive of BT, and Jerry Taylor, chief executive of MCI.

Shareholders began calling for a renegotiation after MCI last week surprised investors by saying its local phone business could lose more than $800 million this year, or twice as much as it had expected. It said losses could be even higher next year.

Mr. Vallance said both companies' boards were reviewing their plans in the United States, where MCI is the No. 2 long-distance provider behind AT&T Corp. BT already owns 20 percent of MCI.

MCI's warning indicates how expensive it is to compete with U.S. local operators, or Baby Bells, even 18 months after sweeping telecommunications deregulation that was designed to promote competition in the local phone business.

"We never said this was going to be easy," said Sir Peter Bonfield, chief executive of BT. "The U.S. market place is in a different place to where it was earlier in the year."

MCI blamed the projected loss on delays in entering the U.S. local phone market as a result of what it called obstruction by the Baby Bells. Analysts described BT's apparent surprise at MCI's projected loss as "disturbing."

James Golob, telecommunications analyst at Deutsche Morgan Grenfell, said he had cut his earnings forecast for the combination — to be called Concert PLC — and said BT ought to renegotiate the terms of the accord. BT had expected two years of flat earnings at MCI followed by double-digit earnings growth, he said.

(Bloomberg, Reuters, AP)

Unemployment In Britain Falls To 7-Year Low

Reuters

LONDON — British unemployment tumbled to a seven-year low in June, official figures showed Wednesday.

The Office for National Statistics said the number of unemployed dropped 36,500, to 1.6 million, last month, the lowest level since April 1990. The 5.7 percent jobless rate was the lowest since August 1990.

Few analysts were surprised by the data, but they said that a drop in annual average earnings growth to 4.25 percent in May, from 4.5 percent the month before, was unexpected.

But the Bank of England's new monetary policy committee expects British inflation to continue to rise because of robust economic growth.

Minutes of the committee's first meeting on June 6 showed all of its members voted in favor of raising official interest rates to 6.5 percent, from 6.25 percent.

Paris Ponders Thomson Sale

Minister Says Majority of Defense Unit Could Be Sold

Reuters

PARIS — The government signaled Wednesday that it was ready to surrender its majority ownership of Thomson-CSF, a defense-electronics firm, opening the way to outside alliances while keeping an important stake in the company for the state.

Finance Minister Dominique Strauss-Kahn said no decisions had been made on the future of Europe's top defense-electronics supplier, whose planned privatization was canceled Friday by France's new Socialist-led government.

Separately, Sir Geoffrey Pattie, marketing director of General Electric Co. of Britain's defense division, GEC-Marconi, said that company was ready to form an alliance with Thomson even if it remained under state control.

Speaking after attending a hearing of the French Parliament's defense committee, Sir Geoffrey said he hoped the French government would make a quick decision on Thomson-CSF after halting its privatization last week.

"We told the committee we are working with both public and private-sector companies in France," he said. "It makes no difference. We will adapt."

GEC was one of the companies spurned by the French government in its initial privatization drive for Thomson.

Mr. Strauss-Kahn's statement was the first indication by a member of the cabinet that the government was considering letting its 58 percent stake fall below a majority to give private partners a role in the company.

"If you want to create an alliance with a partner, it is difficult to keep around 50 percent," Mr. Strauss-Kahn said after the closed-door hearing of the defense committee. "That is why the prime minister has talked of a decisive stake and not a majority stake."

Prime Minister Lionel Jospin on Friday canceled plans made by the previous center-right government to sell the state's stake. His office said a new project to muster a French defense-electronics concern around a "decisive" public share in Thomson-CSF would be launched soon but gave no details.

French newspapers have speculated this would involve the government cutting its stake in Thomson-CSF to 40 percent, and perhaps as little as 33 percent, by bringing in new capital but without selling any stock directly to the public.

Many reports have said the leading candidate for a minority stake in the new structure is Alcatel Alsthom, but Lagardere Group called the reports premature.

The two companies had been competing for full control of Thomson-CSF in the abandoned privatization plan.

Mr. Strauss-Kahn did not rule out lowering the state's share to 33 percent, the minimum needed for a blocking minority, but said this was not the only proposal worth considering.

"It's a good solution, but there are other possibilities," he said. "Nothing has been decided." He said he hoped a decision would be made by year-end.

Lagardere, meanwhile, said it would not go ahead with a planned issue of 5.5 billion francs ($907.8 million) of special bonds to finance its privatization bid.

Shares in Thomson-CSF slipped a further 1.16 percent to close at 161.60 francs after falling 3.6 percent Tuesday.

Bonn Inches Toward Deficit Goal

Compiled by Our Staff From Dispatches

FRANKFURT — The federal government's cash deficit narrowed in June from a year earlier, but economists said the improvement would not be enough to keep the 1997 deficit within the limit for Europe's planned single currency.

But Finance Minister Theo Waigel reiterated that Germany would be able to satisfy the requirement that its deficit be no more than 3 percent of gross domestic product to qualify for the first wave of European Monetary Union.

Mr. Waigel said higher-than-expected government spending this year would be offset by a surplus in the social security system and other factors.

The Bundesbank said the deficit narrowed in June to 670 million Deutsche marks ($373.9 million), from a 3.13 billion DM deficit a year earlier, according to figures the bank provided in its July monthly report.

The central bank said the improvement seen in the previous two months had continued in June.

Economists said, however, that the June deficit was a positive sign that faster growth was playing a role in improving government finances.

"Strong economic growth is finally starting to help the budget," said Holger Schmieding, an economist at Merrill Lynch Bank AG.

Cash inflows rose to 53.20 billion DM in June, from 46.35 billion a year earlier, while outflows climbed to 53.87 billion DM, from 49.48 billion DM.

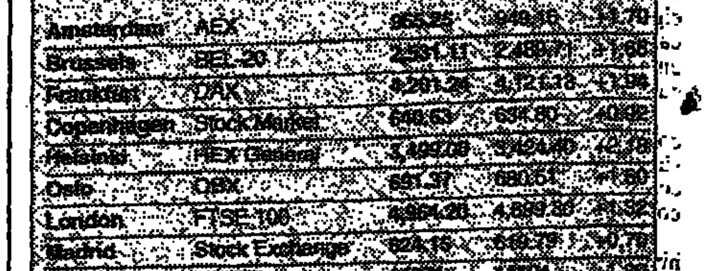
But the Bundesbank noted that "unsatisfactory developments in the first quarter" meant federal income in the first six months of the year rose by just 6.5 percent while spending surged 10.5 percent compared with the same period a year ago.

"We're forecasting an overshoot of the 3 percent mark," said Eckart Tuchtfeld, an economist at Commerzbank. "One month's figures aren't going to change that."

To qualify for entry into Europe's currency union, scheduled to start on Jan. 1, 1999, countries must meet a number of economic targets. Germany is one of several aspiring members, along with France, struggling to meet the deficit goal laid out in the Maastricht treaty.

The French government plans to discuss measures on Thursday to curb its deficit. The Socialist-led government is due to announce the measures shortly after it releases results on Monday of a public finances audit, which is expected to show the deficit running at 3.5 percent or more of GDP.

(AFX, Bloomberg, Reuters)



Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	AEX	965.25	949.16	+1.70
Brussels	BEL-20	2,531.11	2,489.71	+1.66
Frankfurt	DAX	4,201.26	4,121.13	+1.94
Copenhagen	Stock Market	648.63	634.80	[illegible]
Helsinki	HEX General	3,499.08	3,424.40	[illegible]
Oslo	OBX	691.37	680.51	+1.60
London	FTSE 100	4,964.20	4,899.30	+1.32
Madrid	Stock Exchange	624.15	619.79	+0.70
Milan	MIBTEL	14381	14104	+1.96
Paris	CAC 40	2,988.01	2,950.70	+1.26
Stockholm	SX 16	3,559.30	3,485.71	+2.11
Vienna	ATX	1,389.67	1,390.14	-0.03
Zurich	SPI	[illegible]	[illegible]	[illegible]

Source: Telekurs — International Herald Tribune

Very briefly:

- **Renault** plans to cut costs by about 20 billion francs ($3.31 billion) by 2000. Philippe Gamba, commercial director, said the cuts were needed to make the company more effective.
- **Norway's** central bank, after spending almost four weeks squeezing short-term interest rates higher, lifted its deposit rate by a quarter of a point, to 3.5 percent.
- **The Vatican**, which says its presence in international bodies helps strengthen global economic progress, was admitted to the World Trade Organization as an observer.
- **Russia** took steps to create a gold market by freeing the prices at which domestic commercial banks may buy and sell bullion and preparing to allow banks to export precious metals, the central bank said.
- **Switzerland** posted its 12th monthly trade surplus in 14 months, a further sign that exports are pulling the economy out of a six-year slump. The surplus slipped to 57.3 million Swiss francs ($38.9 million) in June from a revised 208.1 million francs in May.
- **The Netherlands'** seasonally adjusted unemployment rate rose to 5.9 percent in the second quarter of 1997 from 5.8 percent in the previous three months; **Finland's** jobless rate rose to 16.5 percent in June from 15.5 percent in May.
- **The European Commission** used an average annual economic growth rate of 2.5 percent for current EU members in its budget forecasts for 2000-2006, which covers the EU's planned enlargement period, Jacques Santer, president of the commission, said.
- **Medeva PLC's** first-half profit rose 35 percent, to £45.6 million ($76.6 million), but the results were at the lower end of expectations, and the pharmaceutical company's stock fell 16 percent to 222 pence.
- **Safra Republic Holdings SA's** second-quarter profit rose 35 percent, to $62.4 million. *Bloomberg, Reuters, AFX, AFP, IHT*

WORLD STOCK MARKETS

Wednesday, July 16
Prices in local currencies.
Telekurs

Amsterdam — AEX index: 965.25 Previous: 949.16

	High	Low	Close	Prev.
ABN-AMRO	46.60	45.20	46	46
Aegon	159.90	156.50	158.50	156.20
Ahold	187.50	181.50	185.90	180.50
Akzo Nobel	285.50	280.80	284.80	281.50
Baan Co.	164.90	157.50	161.70	153.80
Bols Wess cva	42.30	40.60	41.90	40
CSM cva	103.40	101.60	103	103.70
Dordtsche Pet	N.T.	N.T.	N.T.	426.90
DSM	233.50	226.60	230.80	225.40
Elsevier	36.10	34.70	36	34.50
Fortis Amev	98	95.10	97	95.30
Getronics	74	72.60	73.90	72.60
G-Broc cva	74.80	73	73	74
Hagemeyer	112.80	109.50	111.70	108.90
Heineken	335.50	327	328	335
Hoogovens cva	119	114.20	118.90	113.80
Hunt Douglas	N.T.	N.T.	N.T.	174
ING Group	103.50	102.40	103.10	103
KLM	71.30	70.40	70.60	71
KNP BT	46.40	44.30	45.90	44.30
KPN	85.80	84.50	85	84.40
Nedlloyd Gp	69.90	67	68	65.60
Nutricia	338.50	333.50	337	332.20
Oce Grinten	266	262.50	263.80	264.50
Philips Elec	158.50	152.10	157.80	151
Polygram	106.50	104	104.60	106.50
Randstad Hdg	228.90	225	226.90	225
Robeco	200.60	199.50	200	199.10
Rodamco	68	67.70	67.70	67.80
Rolinco	200.50	199.50	200.10	199.10
Rorento	117.20	116.80	117	117.60
Unilever cva	454.70	447	453.30	448.50
Vendex Intl	115.90	114.60	115	115.70
VNU	47	46.50	46.90	46.30
Wolters Kl cva	265.90	258	265	258.80

Bangkok — SET index: 463.46 Previous: 425.66

	High	Low	Close	Prev.
Adv Info Svc	256	240	252	234
Bangkok Bk F	254	242	246	240
Krung Thai Bk	36.50	33.50	36.50	33.25
PTT Explor	420	386	420	382
Siam Cement F	624	544	580	532
Siam Com Bk F	132	119	131	118
Telecomasia	40	37.50	40	36.50
Thai Airways	59	56	59	54
Thai Farm Bk F	154	144	154	140
Utd Comm	118	111	118	108

Bombay — Sensex 30 index: 4183.42 Previous: 4221.02

	High	Low	Close	Prev.
Bajaj Auto	841	825.50	832.75	826.75
Hindust Lever	1365	1342	1344.25	1340.75
Hindust Petlm	493.50	486.25	487.25	488
Ind Dev Bk	99	96.75	96.75	96.75
ITC	519	502	505.25	514.75
Mahanagar Tel	293	281.50	286.50	288.75
Reliance Ind	354.50	348.50	349.50	350.50
State Bk India	346.50	329.50	330.50	344
Steel Authority	25.25	24.50	24.50	24.75
Tata Eng Loco	423	403.25	405	417.50

Brussels — BEL-20 index: 2531.11 Previous: 2489.71

	High	Low	Close	Prev.
Almanij	16400	16225	16375	16250
Barco Ind	7930	7700	7930	7700
BBL	9730	9500	9710	9510
CBR	3235	3150	3230	3185
Colruyt	19100	18725	19100	18825
Delhaize Lion	2000	1935	1980	1935
Electrabel	7760	7720	7730	7730
Electrafina	3580	3530	3580	3550
Fortis AG	8170	8000	8150	8030
Gevaert	3290	3250	3290	3280
GBL	6000	5900	5980	5900
Gen Banque	14925	14700	14825	14750
Kredietbank	15100	14775	15050	14825
Petrofina	13850	13350	13850	13400
Powerfin	4975	4930	4940	4965
Royale Belge	11050	10950	10975	11050
Soc Gen Belg	3595	3550	3550	3575
Solvay	21575	21475	21550	21500
Tractebel	15000	14875	14875	14975
UCB	148000	141000	146300	137600

Copenhagen — Stock index: 648.63 Previous: 634.80

	High	Low	Close	Prev.
BG Bank	401	391	392	393
Carlsberg B	376	359	374	362
Codan Fors	991	980	982.50	985
Danisco	415	407	413	409
Den Danske Bk	752.75	741	750	743
D/S Svendbrg B	410000	404000	410000	401000
D/S 1912 B	285000	279000	285000	279000
FLS Ind B	241	235	240	231
Kob Lufthavne	780	769	775	775
Novo Nordisk B	781.70	767.46	778	770
Sophus Ber B	1003	994	1000	995
Tele Danmk B	396	382	395	388
Tryg Baltica	430	419	419	425
Unidanmark A	440.10	435	439.44	438

Frankfurt — DAX: 4201.34 Previous: 4121.13

	High	Low	Close	Prev.
AMB B	1840	1790	1840	1790
Adidas	226.40	225.10	225.50	225.10
Allianz Hdg	439.50	428.50	438	420
Altana	180.90	179	180	179.50
Bk Berlin	38.70	38.50	38.55	38.45
BASF	70.70	70	70.55	68.40
Bayer Hypo Bk	57.70	57.23	57.70	56.96
Bay.Vereinsbank	80.50	78.90	80.40	77.70
Bayer	75.70	75.30	75.60	74
Beiersdorf	92.90	90	92.90	89
Bewag	40.90	40.20	40.40	40.50
BMW	1538	1530	1532	1535
CKAG Colonia	197	195	196	191.50
Commerzbank	53.35	53.10	53.25	52.50
Daimler Benz	152.05	151.20	151.90	149.30
Degussa	96	94.50	94.90	92.60
Deutsche Bank	107.80	107.05	107.75	106.40
Deut Telekom	44.05	43.50	43.90	43.10
Dresdner Bank	74	72	74	70.80
Fresenius	357	353	356	352
Fresenius Med	151	146.50	150.20	146.50
Fried. Krupp	353	350.70	353	347
Gehe	123.50	121	122	119.50
Heidelbg Zmt	163	155.50	161	155
Henkel pfd	106	104.50	104.50	104.50
HEW	455	455	455	455
Hochtief	85	82	83	84.50
Hoechst	84.20	83.40	84.08	81.40
Karstadt	666	655	663	625.50
Lahmeyer	82.40	82	82.40	81.85
Linde	1330	1318	1318	1325
Lufthansa	35.35	35.05	35.10	35.15
MAN	546	541	542	540
Mannesmann	808	797	797	790
Metallgesellschaft	39	38.55	38.55	38.95
Metro	220	219.50	219.70	218
Munch Rueck R	6415	6280	6370	6400
Preussag	575	567	574.50	552.50
RWE	75	74.20	75	74.40
SAP pfd	433	423.20	429	409.80
Schering	203.50	200.70	202	197
SGL Carbon	253.50	252.75	253	251
Siemens	115.80	115.20	115.75	114.20
Springer (Axel)	1670	1670	1670	1670
Suedzucker	920	900	900	940
Thyssen	442.50	440.50	442	432.50
Veba	105.10	104.65	105.05	103.95
VEW	570	567	567	567
Viag	796	790.50	796	795.50
Volkswagen	1485	1471.50	1475	1467.50

Helsinki — HEX General index: 3499.08 Previous: 3424.40

	High	Low	Close	Prev.
Enso A	49.50	49.10	49.10	49.50
Huhtamaki I	238	236	238	235
Kemira	52.80	52	52.20	52
Kesko	79.30	77	78.80	77.40
Merita A	22.10	20.70	21.50	21
Metra B	173.70	173	173	174
Metso-Serla B	45	44.50	44.50	44.50
Neste	138	137.50	138	137.50
Nokia A	443	426	441	424.20
Orion-Yhtymae	197	196	197	197
Outokumpu A	105	104.30	104.90	104.50
UPM-Kymmene	136.90	133.50	136.90	135.50
Valmet	90.60	90	90.20	90.30

Hong Kong — Hang Seng: 15446.02 Previous: 15487.24

	High	Low	Close	Prev.
Amoy Props	8.30	8.05	8.10	8.25
Bk East Asia	32.20	31.70	31.80	31.90
Cathay Pacific	15.25	14.45	14.75	15.20
Cheung Kong	77	74.75	75.50	76.75
CK Infrastruct	23.60	22.80	23.55	23.05
China Light	44.60	43.70	43.90	44
Citic Pacific	47.70	46.60	46.80	47.70
Dao Heng Bk	47.30	46.20	47.20	46.50
First Pacific	9.35	9.10	9.15	9.35
Hang Lung Dev	14.15	13.80	14	14.25
Hang Seng Bk	114.50	111	112	112
Henderson Inv	8.55	8.40	8.50	8.55
Henderson Ld	69	66.75	67	68.75
HK China Gas	16.25	15.55	15.85	15.40
HK Electric	32	31.40	31.30	32
HK Telecomm	19.70	18.95	19.05	19.35
Hopewell Hdgs	5	4.68	4.93	5.10
HSBC Hdgs	269	259	263	254
Hutchison Wh	67.25	65.75	66	66.75
Hysan Dev	23.20	22	23.05	23.20
Johnson El Hdg	22.80	22.45	22.75	22.45
Kerry Props	19.25	19.15	19.25	19.40
New World Dev	47.30	45.70	46	47.50
Oriental Press	3	2.93	2.95	2.98
Pearl Oriental	1.20	1.15	1.17	1.16
SHK Props	91	87.50	88.75	90.75
Shun Tak Hdgs	4.70	4.60	4.60	4.70
Sino Land Co.	7.65	7.35	7.40	7.70
Sth China Post	7.65	7.50	7.65	7.65
Swire Pac A	69	67	67.50	68.75
Wharf Hdgs	33	31.50	31.60	32
Wheelock	18	17.65	17.80	18.25

Jakarta — Composite index: 723.58 Previous: 722.21

	High	Low	Close	Prev.
Astra Intl	8500	8400	8400	8525
Bk Intl Indon	1850	1800	1825	1800
Bk Negara	1450	1400	1400	1450
Gudang Garm	9450	9225	9375	9175
Indocement	5000	4800	4825	4800
Indofood	5450	5400	5400	5450
Indosat	7500	7475	7475	7475
Sampoerna HM	9450	9250	9350	9250
Semen Gresik	5075	4875	5000	4925
Telekomunikasi	4000	3950	3975	3950

Johannesburg — All Market: 7422.76 Previous: 7390.68

	High	Low	Close	Prev.
Amalgamtd Bks	32.40	31.65	32	32.50
AngloAm Coal	266	265	265.50	263.50
AngloAm Corp	265	263.50	264	264.50
AngloAm Gold	256.50	254	254.75	257
AngloAm Ind	196	194	196	194
AVMIN	15	14.75	15	15
Barlow	52.50	51	52	50.75
C.G. Smith	25.15	25	25.10	23.10
De Beers	167.75	166	167.50	166.25
Driefontein	32.50	32.05	32.05	32.60
Fst Natl Bk	39.20	38.70	39.10	38.50
Gencor	20.10	19.90	19.90	19.95
GFSA	96	95	96	95.25
Imperial Hdgs	64	62.25	64	62
Ingwe Coal	25.25	24.75	24.90	25.25
Iscor	3.04	2.96	3	3.01
Johnnies Indl	65.25	64.50	64.75	64.50
Liberty Hdgs	380	370	380	368
Liberty Life	146.25	141.75	146	141.93
LibLife Strat	18	17.50	18	17.50
Minorco	99.75	99	99	100
Nampak	18.75	18.50	18.70	18.65
Nedcor	100.50	100	100.50	99.75
Rembrandt Gp	46.10	45.35	45.95	46
Richemont	70.75	70.25	70.50	70.50
Rust Platinum	75	74.50	75	74.75
SA Breweries	142	140	141.50	140.50
Samancor	41.75	41.75	41.75	41.75
Sasol	59.25	58.75	59.25	59
SBIC	218	215.25	218	215
Tiger Oats	79.25	78.50	79	78.50

Kuala Lumpur — Composite: 1004.89 Previous: 1012.48

	High	Low	Close	Prev.
AMMB Hdgs	15.20	14.90	15	15.10
Genting	11.80	11.30	11.40	11.80
Mal Banking	25.50	25	25.25	25.25
Mal Intl Ship F	N.T.	N.T.	N.T.	6.70
Petronas Gas	8.90	8.60	8.70	8.70
Proton	11.10	11	11	11
Public Bk	3.92	3.80	3.82	3.94
Renong	3.16	3.08	3.10	3.14
Resorts World	8	7.75	7.80	7.95
Rothmans PM	26.75	26.25	26.25	26.50
Sime Darby	8.20	8.05	8.10	8.10
Telekom Mal	11.20	10.80	10.80	11
Tenaga	11	10.70	10.80	11
Utd Engineers	18.10	17.80	17.90	17.90
YTL	7.30	6.65	7	6.65

London — FT-SE 100: 4964.20 Previous: 4899.30

	High	Low	Close	Prev.
Abbey Natl	8.83	7.96	8.74	8.55
Allied Domecq	4.62	4.52	4.60	4.56
Anglian Water	8.05	7.83	7.90	7.82
Argos	6.35	6.20	6.31	6.23
Asda Group	1.46	1.41	1.43	1.45
Assoc Br Foods	5.51	5.42	5.47	5.42
BAA	6.07	5.90	5.97	5.91
Barclays	12.99	12.53	12.83	12.53
Bass	8.66	8.48	8.61	8.50
BAT Ind	5.54	5.47	5.50	5.50
Bank Scotland	4.40	4.29	4.37	4.31
Blue Circle	4.30	4.21	4.26	4.19
BOC Group	10.97	10.64	10.75	10.63
Boots	8.25	8.02	8.14	8.09
BPB Ind	3.06	3	3.04	3.01
Brit Aerosp	13.43	13.33	13.40	13.41
Brit Airways	7.05	6.71	6.87	6.78
BG	2.45	2.40	2.42	2.35
Brit Land	6.64	6.53	6.55	6.44
Brit Petm	8.09	7.95	8.08	7.97
BSkyB	4.57	4.50	4.52	4.49
Brit Steel	1.51	1.48	1.49	1.51
Brit Telecom	4.50	4.35	4.46	4.53
BTR	2.02	1.96	1.98	1.98
Burmah Castrol	10.15	9.97	10.13	9.99
Burton Gp	1.35	1.28	1.33	1.28
Cable Wireless	6.02	5.92	5.96	5.97
Cadbury Schw	5.96	5.87	5.91	5.86
Carlton Comm	5.17	5.05	5.08	5.13
Comml Union	7.09	6.81	6.81	6.99
Compass Gp	6.30	6.18	6.28	6.14
Courtaulds	3.15	3.10	3.13	3.11
Dixons	5.90	5.79	5.85	5.83
Electrocomponents	4.45	4.39	4.43	4.39
EMI Group	11.05	10.90	10.92	11
Energy Group	6.55	6.47	6.50	6.48
Enterprise Oil	7.12	6.96	7.08	6.97
Fam Colonial	1.75	1.70	1.73	1.71
Gen'l Accident	9.13	8.96	9.07	9
GEC	3.77	3.61	3.65	3.69
GKN	10.28	10.08	10.26	10.07
Glaxo Wellcome	14.20	13.89	13.95	13.80
Granada Gp	7.82	7.64	7.71	7.69
Grand Met	6.27	6.04	6.26	6.06
GRE	2.95	2.85	2.95	2.82
Greenalls Gp	4.70	4.63	4.68	4.68
Guinness	6.26	6.02	6.12	6.06
GUS	6.30	6.05	6.28	6.25
Hays	5.90	5.84	5.84	5.87
HSBC Hldgs	21.17	20.34	20.72	20
ICI	9.12	8.92	9.08	8.88
Imperl Tobacco	3.73	3.62	3.64	3.63
Kingfisher	7.58	7.33	7.50	7.34
Ladbroke	2.70	2.56	2.64	2.57
Land Sec	9.57	9.45	9.51	9.43
Lasmo	2.77	2.69	2.74	2.69
Legal Genl Grp	4.42	4.25	4.35	4.34
Lloyds TSB Gp	7.13	6.98	7.12	6.93
LucasVarity	1.93	1.89	1.91	1.93
Marks Spencer	5.97	5.78	5.83	5.77
MEPC	5.07	5	5.02	5.07
Mercury Asset	13	12.70	12.70	12.90
National Grid	2.59	2.47	2.53	2.50
Natl Power	5.54	5.45	5.46	5.51
NatWest	8.94	8.60	8.74	8.53
Next	7.83	7.46	7.71	7.46
Norwich Union	3.27	3.21	3.24	3.23
Orange	2.12	2.09	2.10	2.10
P&O	6.55	6.43	6.48	6.50
Pearson	6.73	6.62	6.69	6.69
Pilkington	1.23	1.17	1.20	1.19
PowerGen	8.10	7.78	7.80	7.79
Premier Farnell	4.70	4.62	4.69	4.62
Prudential	6.23	6.07	6.17	6.13
Railtrack Gp	7.60	7.30	7.53	7.31
Rank Group	3.50	3.42	3.48	3.51
Reckitt Colm	9.72	9.55	9.69	9.56
Redland	3.12	2.95	3.06	2.98
Reed Intl	6.14	5.81	5.85	5.82
Rentokil Initial	2.17	2.13	2.14	2.16
Reuters Hdgs	6.05	5.95	5.99	5.97
Rexam	2.39	2.25	2.39	2.28
RMC Group	9.42	9.22	9.39	9.21
Rolls Royce	2.30	2.21	2.24	2.22
Royal Bk Scot	6.55	6.35	6.47	6.34
RTZ reg	10.10	9.97	10.04	10
Royal & Sun All	4.76	4.66	4.72	4.66
Safeway	3.96	3.87	3.94	3.87
Sainsbury	4.36	4.28	4.31	4.33
Schroders	17.95	17.55	17.95	17.63
Scot Newcastle	7.70	7.52	7.63	7.52
Scot Power	4.75	4.45	4.68	4.47
Securicor	2.65	2.62	2.65	2.65
Severn Trent	8.90	8.78	8.90	8.76
Shell Transp R	4.36	4.24	4.31	4.24
Siebe	10.15	9.95	10.05	10.10
Smith Nephew	1.75	1.71	1.75	1.68
SmithKline	12.59	12.38	12.57	12.51
Smiths Ind	7.33	7.23	7.35	7.29
Sthern Elec	4.84	4.68	4.74	4.74
Stagecoach	7.10	6.92	7.10	6.85
Stand Charter	10.46	10.03	10.42	10.01
Tate & Lyle	4.35	4.26	4.28	4.34
Tesco	4.36	4.28	4.35	4.32
Thames Water	7.97	7.68	7.91	7.72
3i Group	4.95	4.87	4.90	4.92
TI Group	5.18	5	5.12	4.93
Tomkins	2.92	2.87	2.90	2.87
Unilever	17.92	17.60	17.80	17.64
Utd Assurance	4.34	4.29	4.33	4.33
Utd News	7.14	7.08	7.12	7.11
Utd Utilities	7.77	7.52	7.77	7.55
Vendome Lx uts	4.72	4.62	4.62	4.66
Vodafone	3.01	2.90	2.96	2.91
Whitbread	8.65	8.48	8.65	8.50
Williams Hdgs	3.27	3.25	3.26	3.25
Wolseley	4.60	4.45	4.47	4.59
WPP Group	2.43	2.40	2.42	2.41
Zeneca	23	21.18	22.50	21.98

Madrid — Bolsa index: 624.15 Previous: 619.79

	High	Low	Close	Prev.
Acerinox	28150	27800	28150	27700
ACESA	1865	1830	1860	1830
Aguas Barcelon	6060	6010	6020	6040
Argentaria	9410	9230	9400	9250
BBV	13400	12960	13330	12940
Banesto	1490	1475	1480	1480
Bankinter	27000	26510	27000	26400
Bco Centro Hisp	6130	6000	6080	6000
Bco Popular	36580	35250	35770	35990
Bco Santander	4705	4625	4645	4695
CEPSA	4985	4925	4950	4930
Continente	3595	3310	3470	3315
Corp Mapfre	9590	9000	9420	9060
Endesa	12730	12660	12660	12610
FECSA	1275	1240	1260	1245
Gas Natural	32190	31750	31750	31710
Iberdrola	1820	1765	1805	1770
Pryca	3300	3195	3275	3165
Repsol	6610	6500	6560	6480
Sevillana Elec	1505	1450	1500	1455
Tabacalera	8280	8030	8030	8140
Telefonica	4450	4405	4425	4430
Union Fenosa	1260	1235	1250	1240
Valenc Cement	2580	2540	2560	2560

Manila — PSE index: 2582.36 Previous: 2655.86

	High	Low	Close	Prev.
Ayala B	17.75	17.50	17.50	18
Ayala Land	22.50	22	22	22
Bk Philip Isl	157	147	153	149
C&P Homes	9	8.80	8.90	9
Manila Elec A	85	82.50	82.50	85
Metro Bank	550	540	545	550
Petron	6.10	5.70	5.70	6.20
PCIBank	242	240	240	242
Phil Long Dist	945	925	935	935
San Miguel B	60	56.50	57	61.50
SM Prime Hdg	7.10	6.80	6.90	7.10

Mexico — Bolsa index: 4748.47 Previous: 4694.35

	High	Low	Close	Prev.
Alfa A	56.50	55.90	56.40	55.50
Banacci B	19.64	19.00	19.62	18.94
Cemex CPO	39.10	37.60	38.70	38.75
Cifra C	13.60	13.36	13.60	13.34
Emp Modema	46.70	46.40	46.70	46.70
Gpo Carso A1	56.30	55.60	56.30	56.00
Gpo F Bcomer	2.47	2.42	2.47	2.43
Gpo Fin Inbursa	35.63	35.20	35.40	35.60
Kimb Clark Mex	36.30	35.80	36.20	36.55
Televisa CPO	119.30	117.70	117.70	118.00
TelMex L	20.55	20.40	20.55	20.30

Milan — MIB Telematico: 14381.00 Previous: 14104.00

	High	Low	Close	Prev.
Alleanza Assic	16050	14940	16005	14985
Bca Comm Ital	4555	4385	4510	4420
Bca Fideuram	5870	5650	5775	5695
Bca di Roma	1739	1465	1695	1575
Benetton	27200	26100	27150	26000
Credito Italiano	3680	3480	3500	3600
Edison	8690	8530	8550	8750
ENI	10270	10075	10270	10100
Fiat	6790	6565	6675	6500
Generali Assic	35950	33850	35800	33900
IMI	15980	15670	15720	15800
INA	2680	2580	2680	2600
Italgas	5400	5300	5340	5305
Mediaset	7600	7495	7520	7580
Mediobanca	12050	11330	11935	11300
Montedison	1159	1134	1145	1126
Olivetti	472	465	465	469.50
Parmalat	2475	2415	2440	2410
Pirelli	4750	4505	4725	4475
RAS	15285	14780	15170	14750
Rolo Banca	23500	21650	21650	23800
S Paolo Torino	14330	13900	14295	14000
Stet	11100	10700	11020	10655
Telecom Italia	6160	5955	6100	5920
TIM	5670	5535	5645	5575

Montreal — Industrials index: 3711.24 Previous: 3643.92

	High	Low	Close	Prev.
Bce Mob Com	46	45.15	45.15	46
Cdn Tire A	28¼	28	28½	27.95
Cdn Util A	38.40	38.30	38.55	38⅛
CT Finl Svc	40	39.20	39¼	39
Gaz Metro	18.85	18½	18½	18½
Gt-West Lifeco	33½	32.95	33	33½
Imasco	42.20	41.65	41.90	42
Investors Grp	N.T.	N.T.	N.T.	31¼
Loblaw Cos	20.85	20.85	20.85	21¼
Natl Bk Canada	18¼	18.05	18.15	18.05
Power Corp	38¼	37¼	38.20	37¼
Power Finl	34¼	34.20	34¼	34.20
Quebecor B	27.85	27.65	27.80	27.85
Rogers Comm B	9.95	9.90	9.95	10.05
Royal Bk Cda	67.70	66.90	67.60	66

Oslo — OBX index: 691.37 Previous: 680.51

	High	Low	Close	Prev.
Aker A	154	148	154	149.50
Bergesen Dy A	190	186	190	186
Christiania Bk	26	25.70	26	26
Den norske Bk	30.20	29.60	30.20	30
Elkem	150	146.50	150	146
Hafslund A	46	45	46	46
Kvaerner Asa	449	442	449	441
Norsk Hydro	417	401	414	402
Norske Skog A	277	274	276	275
Nycomed A	141	138	138	137.50
Orkla Asa A	575	561	570	563
Petlm GeoSvc	385.50	372	385.50	374
Saga Petlm A	146.50	144	145	144
Schibsted	146.50	144.50	146.50	144
Transocean Off	587	587	587	582.50
Storebrand Asa	48.30	47.30	48.30	47.20

Paris — CAC-40: 2988.01 Previous: 2950.70

	High	Low	Close	Prev.
Accor	954	941	948	944
AGF	206.30	201	205.30	199.10
Air Liquide	984	955	975	972
Alcatel Alsth	785	760	762	772
AXA-UAP	385	373.30	384.60	373.90
Bancaire	750	722	723	732
BIC	965	938	947	950
BNP	260	257.30	258.30	256.50
Canal Plus	1177	1158	1165	1164
Carrefour	4415	4320	4373	4316
Casino	297	288.10	297	287
CCF	259	254.20	258.50	256
Cetelem	710	700	703	703
Christian Dior	1030	994	1030	991
CLF-Dexia Fran	580	574	577	575
Credit Agricole	1252	1252	1252	1253.10
Danone	1005	992	999	991
Elf-Aquitaine	678	664	674	664
Eridania BS	893	870	870	864
Eurodisney	8.70	8.40	8.40	8.60
Eurotunnel	6.75	6.30	6.60	6.85
Gen. Eaux	763	747	756	743
Havas	424	417.10	421	415
Imetal	810	790	793	785
Lafarge	395.90	390.10	391.70	388.10
Legrand	1183	1145	1170	1145
L'Oreal	2558	2507	2553	2495
LVMH	1637	1596	1628	1579
Suez Lyon Eaux	703	675	700	669
Michelin B	391.80	385.10	385.60	388
Paribas A	413	406.40	408	408
Pernod Ricard	315	308.10	308.30	306.40
Peugeot Cit	619	608	608	606
Pinault-Print	2948	2890	2900	2905
Promodes	2749	2652	2699	2638
Renault	152	146	151.80	149.50
Rexel	1761	1750	1750	1753
Rh-Poulenc A	261.90	257.60	258.20	259
Sanofi	564	556	560	553
Schneider	343.40	329.30	342.50	336.50
SEB	1080	1054	1054	1069
SGS Thomson	593	558	561	540
Ste Generale	710	692	708	700
Sodexho	3100	3031	3098	3075
St Gobain	899	881	899	876
Suez	17.20	16.40	17	16.25
Synthelabo	780	765	770	770
Thomson CSF	167.90	161	161.60	163.50
Total B	604	587	595	593
Usinor	116	113	114.60	113.40
Valeo	419.50	407	412.10	401

São Paulo — Bovespa index: 12187.50 Previous: 11417.00

	High	Low	Close	Prev.
Bradesco Pfd	11.20	10.50	10.50	10.90
Brahma Pfd	840.00	799.99	840.00	790.00
Cemig Pfd	59.00	56.00	58.30	55.02
CESP Pfd	74.00	70.00	73.00	68.00
Copel	22.50	21.00	22.50	21.30
Eletrobras	596.00	572.00	590.01	566.00
Itaubanco Pfd	630.00	612.00	612.00	625.00
Light Servicios	560.00	540.01	560.00	541.01
Lightpar	440.00	422.00	435.00	420.00
Petrobras Pfd	300.00	282.00	299.00	292.99
Paulista Luz	183.50	180.00	183.50	181.00
Sid Nacional	35.70	35.00	35.30	35.30
Souza Cruz	9.62	9.59	9.61	9.56
Telebras Pfd	154.50	146.50	153.50	146.00
Telemig	181.50	171.00	181.50	173.00
Telerj	159.99	152.50	158.00	153.00
Telesp Pfd	359.00	342.00	358.00	307.82
Unibanco	43.00	41.990	41.99	43.90
Usiminas Pfd	12.80	12.30	12.36	12.50
CVRD Pfd	27.60	25.50	27.30	25.75

Seoul — Composite index: 739.72 Previous: 755.05

	High	Low	Close	Prev.
Dacom	101000	99000	99900	102000
Daewoo Heavy	7820	7450	7500	7680
Hyundai Eng.	21500	20900	21000	21600
Kia Motors	12400	12400	12400	13400
Korea El Pwr	27400	26500	26700	27400
Korea Exch Bk	5400	5120	5120	5560
Korea Mob Tel	493000	480000	487000	485000
LG Semicon	38100	37200	38000	38000
Pohang Iron St	63200	62100	62800	63700
Samsung Display	45600	44800	45400	45400
Samsung Elec	67300	66000	66400	66700
Shinhan Bank	9800	9300	9300	10100

Singapore — Straits Times: 1917.89 Previous: 1937.09

	High	Low	Close	Prev.
Asia Pac Brew	5.55	5.45	5.50	5.40
Cerebos Pac	6	6	6	6
City Devits	13	12.70	12.90	13
Cycle Carriage	13	12.40	12.60	13.20
Dairy Farm Intl *	0.80	0.80	0.80	0.80
DBS foreign	19	18.40	18.80	18.40
DBS Land	4.62	4.58	4.60	4.64
Fraser & Neave	10	9.75	9.80	10
HK Land *	2.63	2.59	2.60	2.60
Jard Matheson *	7.20	7.05	7.10	7.20
Jard Strategic *	3.56	3.54	3.56	3.56
Keppel Bank	3.64	3.60	3.64	3.60
Keppel Fels	4.90	4.88	4.90	4.90
Keppel Land	4.02	3.96	4.02	4
OCBC foreign	14.90	14.60	14.80	14.60
OS Union Bk F	9.45	9.30	9.40	9.30
Parkway Hdgs	6.55	6.35	6.35	6.50
Sembawang	7	6.80	6.85	7.10
Sing Air foreign	13	12.60	12.80	12.90
Sing Land	6.95	6.85	6.90	6.95
Sing Press F	28.40	27.40	28.10	27.60
Sing Tech Ind	3.68	3.66	3.66	3.66
Sing Telecomm	2.58	2.56	2.57	2.58
Tat Lee Bank	2.80	2.76	2.78	2.76
Utd Industrial	1.06	1.04	1.05	1.05
Utd OSea Bk F	15.30	15	15.20	15.10
Wing Tai Hdgs	4.08	3.98	4	4.10

*: in U.S. dollars.

Stockholm — SX 16 index: 3559.30 Previous: 3485.71

	High	Low	Close	Prev.
AGA B	110	108.50	109	109.50
ABB A	111	110	111	110.50
AssiDoman	241	235	240	236
Astra A	158	155	157	155
Atlas Copco A	238	229.50	237.50	230
Autoliv	295	291.50	293	292.50
Electrolux B	660	640	658	640
Ericsson B	343.50	330	340.50	328.50
Hennes B	354.50	334	337	337
Incentive A	699	695	698	698
Investor B	429	421	427	421
MoDo B	268.50	265.50	268.50	264.50
Nordbanken	268	264	266.50	267.50
Pharm/Upjohn	300.50	285.50	298.50	288.50
Sandvik B	251	249	250.50	247.50
Scania B	234	232	233.50	233
SCA B	173	171	171	172
S-E Banken A	92.50	90.50	91	91
Skandia Fors	342	324	337	324
Skanska B	356	348.50	353.50	350
SKF B	214	214	216	212
Sparbanken A	184	179	180	182
Stora A	130.50	128.50	130.50	130
Sv Handles A	255	250	252.50	250.50
Volvo B	213	206.50	212	206

Sydney — All Ordinaries: 2646.40 Previous: 2637.60

	High	Low	Close	Prev.
Amcor	8.51	8.42	8.46	8.44
ANZ Bkng	9.81	9.72	9.78	9.75
BHP	18.46	18.06	18.19	18.27
Boral	4.13	4.02	4.02	4.06
Brambles Ind.	26.25	26.10	26.25	26
CBA	16.33	16.16	16.33	16.16
CC Amatil	14.75	14.60	14.70	14.50
Coles Myer	6.70	6.53	6.70	6.46
Comalco	6.74	6.60	6.73	6.72
CSR	4.90	4.82	4.83	4.82
Fosters Brew	2.60	2.57	2.57	2.56
Goodman Fld	1.83	1.81	1.82	1.80
ICI Australia	12.57	12.55	12.55	12.51
Lend Lease	27.70	27.35	27.70	27.26
MIM Hdgs	1.81	1.78	1.78	1.81
Nat Aust Bank	19.37	19.03	19.12	19.17
Nat Mutual Hdg	2.08	2.05	2.07	2.06
News Corp	6.28	6.23	6.24	6.19
Pacific Dunlop	3.66	3.63	3.66	3.66
Pioneer Intl	4.83	4.77	4.77	4.78
Pub Broadcast	7.95	7.90	7.90	7.90
Rio Tinto	21.61	21.40	21.61	21.50
St George Bank	8.49	8.37	8.43	8.44
WMC	7.75	7.66	7.72	7.65
Westpac Bking	7.81	7.69	7.80	7.67
Woodside Pet	11.38	11.16	11.30	11.15
Woolworths	4.13	4.07	4.11	4.04

Taipei — Stock Market index: 9544.56 Previous: 9555.98

	High	Low	Close	Prev.
Cathay Life Ins	151	142	147.50	144
Chang Hwa Bk	118	114	114	116.50
Chiao Tung Bk	87	82	82	86
China Develpmt	193	185	185	190
China Steel	28.80	28	28.50	28.70
First Bank	119.50	115	115	117.50
Formosa Plastic	65.50	61	63	65.50
Hua Nan Bk	120	115	115	118
Intl Comm Bk	64.50	62	62.50	63.50
Nan Ya Plastics	72.50	68	69	72
Shin Kong Life	117	110	115.50	109.50
Taiwan Semi	149	141.50	149	139.50
Tatung	52	48.10	49	51.50
Utd Micro Elec	170	163	168	162
Utd World Chin	64	61	61.50	67.50

Tokyo — Nikkei 225: 20358.74 Previous: 20869.41

	High	Low	Close	Prev.
Ajinomoto	1160	1130	1140	1140
All Nippon Air	752	743	747	741
Amway	3560	3540	3550	3560
Asahi Bank	877	855	864	890
Asahi Chem	658	653	653	651
Asahi Glass	1060	1040	1060	1040
Bk Tokyo Mitsu	2260	2170	2240	2160
Bk Yokohama	630	618	621	623
Bridgestone	2940	2840	2920	2790
Canon	3450	3370	3430	3340
Chubu Elec	2060	2030	2040	2040
Chugoku Elec	1980	1960	1970	1960
Dai Nipp Print	2590	2570	2570	2570
Daiei	776	760	773	752
Dai-Ichi Kang	1510	1460	1500	1450
Daiwa Bank	590	535	590	525
Daiwa House	1350	1330	1340	1340
Daiwa Sec	890	881	887	888
DDI	8600a	8230a	8590a	8230a
Denso	2860	2820	2830	2830
East Japan Ry	5800a	5740a	5740a	5790a
Eisai	2630	2570	2600	2530
Fanuc	4540	4400	4540	4400
Fuji Bank	1640	1600	1610	1580
Fuji Photo	4930	4790	4920	4760
Fujitsu	1700	1660	1690	1660
Hachijuni Bk	1140	1130	1140	1130
Hitachi	1340	1310	1340	1300
Honda Motor	3670	3590	3660	3530
IBJ	1800	1720	1800	1660
IHI	439	420	430	415
Itochu	581	565	572	565
Ito-Yokado	7050	6960	7010	7050
JAL	543	534	539	546
Japan Tobacco	8880a	8800a	8870a	8870a
Jusco	3500	3470	3420	3460
Kajima	617	605	609	603
Kansai Elec	2180	2160	2190	2170
Kao	1670	1650	1670	1640
Kawasaki Hvy	541	527	539	539
Kawa Steel	351	344	344	347
Kinki Nipp Ry	685	677	678	685
Kirin Brewery	1180	1140	1180	1130
Kobe Steel	203	200	200	203
Komatsu	903	885	888	888
Kubota	523	516	520	516
Kyocera	9670	9470	9650	9360
Kyushu Elec	1990	1970	1980	1990
LTCB	507	507	507	427
Marubeni	514	506	506	512
Marui	2090	2040	2050	2010
Matsu Comm	4970	4800	4800	4800
Matsu Elec Ind	2400	2360	2370	2370
Matsu Elec Wk	1320	1300	1320	1300
Mitsubishi	1350	1320	1330	1340
Mitsubishi Ch	360	350	351	361
Mitsubishi El	685	673	678	670
Mitsubishi Est	1650	1610	1630	1600
Mitsubishi Hvy	867	845	846	860
Mitsubishi Mat	800	785	800	772
Mitsubishi Tr	1750	1710	1730	1700
Mitsui	1100	1080	1080	1080

The Trib Index — Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	181.76	+3.67	+2.06	+21.87
Regional Indexes				
Asia/Pacific	132.10	+2.39	+1.84	+7.02
Europe	190.50	+3.00	+1.60	+18.18
N. America	212.41	+4.10	+1.97	+31.19
S. America	173.59	+9.34	+5.69	+51.70
Industrial Indexes				
Capital goods	236.55	+7.89	+3.45	+38.40
Consumer goods	202.87	+1.94	+0.97	+25.67
Energy	199.53	+6.27	+3.24	+16.88
Finance	137.29	+2.73	+2.03	+17.89
Miscellaneous	181.39	+3.05	+1.71	+12.12
Raw Materials	193.33	+3.81	+2.01	+10.23
Service	169.98	+3.59	+2.16	+23.78
Utilities	173.11	+3.23	+1.90	+20.67

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 250 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

	High	Low	Close	Prev.
Mitsui Fudosan	1540	1500	1530	1510
Mitsui Trust	790	770	786	780
Murata Mfg	4810	4810	4810	4720
NEC	1670	1640	1650	1630
Nikon	2030	1990	2010	1970
Nikko Sec	698	690	694	691
Nintendo	10800	10500	10700	10300
Nipp Express	859	842	859	828
Nippon Oil	574	564	565	567
Nippon Steel	349	344	344	347
Nissan Motor	864	830	851	864
NKK	223	215	217	221
Nomura Sec	1510	1470	1490	1500
NTT	1190b	1090b	1170b	1090b
NTT Data	5010b	4790b	4980b	4760b
Oji Paper	636	625	625	638
Osaka Gas	316	307	308	325
Ricoh	1670	1640	1650	1640
Rohm	13100	13000	13000	13200
Sakura Bk	841	813	840	813
Sankyo	4260	4160	4250	4140
Sanwa Bank	1670	1570	1630	1550
Sanyo Elec	517	500	515	494
Secom	8700	8540	8660	8520
Seibu Rwy	5700	5520	5700	5510
Sekisui Chem	1040	1010	1010	[illegible]
Sekisui House	1180	1160	1170	1160
Seven-Eleven	9200	9000	9190	9030
Sharp	1530	1510	1520	1520
Shikoku El Pwr	1960	1950	1960	1960
Shimizu	630	621	624	630
Shin-etsu Ch	3340	3260	3290	3230
Shiseido	1920	1890	1920	1890
Shizuoka Bk	1250	1230	1250	1240
Softbank	7280	7130	7190	7300
Sony	10500	10300	10500	10100
Sumitomo	1160	1140	1150	1130
Sumitomo Bk	1900	1860	1890	1850
Sumit Chem	500	487	487	497
Sumitomo Elec	2020	1990	2000	1970
Sumit Metal	311	307	310	307
Sumit Trust	1190	1150	1180	1140
Taisho Pharm	3330	3230	3230	3250
Takeda Chem	3570	3480	3570	3450
TDK	9420	9230	9380	9090
Tohoku El Pwr	2030	1990	2020	2030
Tokai Bank	1110	1080	1100	1070
Tokio Marine	1420	1390	1410	1390
Tokyo El Pwr	2270	2240	2250	2260
Tokyo Electron	7290	6800	7230	6650
Tokyo Gas	306	303	304	310
Tokyu Corp.	665	652	657	652
Tonen	1290	1250	1260	1250
Toppan Print	1870	1830	1860	1830
Toray Ind	804	797	797	797
Toshiba	755	745	750	730
Tostem	2920	2900	2900	2890
Toyo Trust	965	949	964	936
Toyota Motor	3450	3400	3450	3350
Yamanouchi	3140	3060	3140	3050

a: x 100; b: x 1,000

Toronto — TSE Industrials: 6730.82 Previous: 6455.93

	High	Low	Close	Prev.
Abitibi Cons.	28.30	27.80	28.20	27.60
Alberta Energy	32.90	32.55	32.60	32½
Alcan Alum	49.40	48¾	49.10	48.40
Anderson Expl	17.70	17.45	17.45	17.55
Bk Montreal	57.70	57.10	57.40	56½
Bk Nova Scotia	66¼	64.95	66.10	64¾
Barrick Gold	29.80	29.30	29.40	29.20
BCE	44¼	43	43.85	42.45
BC Telecomm	34	33.60	34	33.55
Biochem Pharm	33½	32.60	33¼	31.60
Bombardier B	33.60	32.90	33.15	33.45
Brascan A	35.15	35	35.15	34.95
Cameco	50.30	49.80	50¼	50
CIBC	37.70	37	37.60	36.65
Cdn Natl Rail	68.80	67	68.40	66.70
Cdn Nat Res	35½	35	35.15	35
Cdn Occid Pet	34.10	33.10	34.05	33½
Cdn Pacific	40.10	39.55	39.90	39.45
Cominco	38.10	37.60	37.85	37½
Dofasco	31.80	31.30	31.60	31¼
Domtar	13.40	13.30	13.40	13.35
Donohue A	31.45	31¼	31.40	31½
Du Pont Cda A	31.45	31¼	31¼	31½
Edper Group	23.60	23½	23.60	23¼
Euro-Nev Mng	38	37	37¼	36.80
Fairfax Finl	398	396	396	398
Falconbridge	27.35	26.30	27.20	26¾
Fletcher Chall A	23	22.55	22.55	23
Franco Nevada	61	58	58.65	59.95
Gulf Cda Res	11.90	11.60	11¾	11¾
Imperial Oil	70.65	69¼	69.85	67.95
Inco	42	41.35	41½	41½
IPL Energy	49½	49½	49.70	49.55
Laidlaw B	21.90	21.60	21.60	21.80
Loewen Group	48.60	47½	48.40	48
Macmill Bldl	19.40	19.20	19.20	19.30
Magna Intl A	89.80	87.30	88.95	87¼
Methanex	13¼	13.15	13¼	13.15
Moore	28½	28	28.45	28.10
Newbridge Net	71.05	69.80	70.60	69.15
Noranda Inc	29.85	29.30	29.35	29½
Norcen Energy	33.20	32.85	33.30	32.85
Nthern Telecom	147	144.35	145.80	141½
Nova	12½	12.35	12.40	12.35
Onex	29	28¾	28.95	28¾
Pancdn Petlm	28	27¾	27.90	28
Petro Cda	22.85	22.45	22.80	22½
Placer Dome	20.90	20.40	20.45	20.45
Poco Petlm	13	12¾	12.90	12.90
Potash Sask	110¼	107.65	109	110¼
Renaissance	36.20	35.20	36.05	35.20
Rio Algom	35	34.65	35	34¾
Rogers Cantel B	25.90	25.70	25.90	25.90
Seagram Co	55.10	54¾	54.85	54¾
Shell Cda A	21¾	21.20	21.45	21¾
Suncor	36.65	36	36	36
Talisman Eny	43	41.65	42.55	41.85
Teck B	27.45	26.70	27.45	26.40
Teleglobe	52	51¾	51.65	51¾
Telus	26¼	26.05	26.20	26.10
Thomson	34.10	33.60	34	33.45
TorDom Bank	43¾	42.45	43.30	42.30
Transalta	16.85	16½	16.80	16.60
TransCda Pipe	27.70	27.40	27.65	27.40
Trimark Finl	63	62	63	62
Trizec Hahn	30	29.90	29.90	29.95
TVX Gold	6.05	5.90	6	5.85
Westcoast Eny	26¾	26.05	26.45	26.05
Weston	94½	93	93¼	92½

Vienna — ATX index: 1389.67 Previous: 1390.14

	High	Low	Close	Prev.
Boehler-Uddeh	1035	1015	1030	1026
Creditanst Pfd	538	530	534	533.50
EA-Generali	3500	3450	3480	3456
EVN	1617	1565	1611	1565
Flughafen Wien	532	526.50	530.40	529
OMV	1641	1620.05	1637	1624
Oest Elektriz	865.30	851	864.90	857
VA Stahl	615.60	600	612	605.30
VA Tech	2547.10	2494	2541	2480
Wienerberg Bau	2634	2601	2625	2610

Wellington — NZSE-40 index: 2477.49 Previous: 2470.91

	High	Low	Close	Prev.
Air N Zeald B	4.60	4.57	4.58	4.59
Brierly Invt	1.36	1.34	1.36	1.34
Carter Holt ord	3.60	3.57	3.60	3.61
Fletch Ch Bldg	4.39	4.30	4.30	4.39
Fletch Ch Eny	4.75	4.73	4.75	4.73
Fletch Ch Forst	1.99	1.97	1.99	2.00
Fletch Ch Paper	3.40	3.38	3.40	3.38
Lion Nathan	3.84	3.80	3.84	3.78
Telecom NZ	7.65	7.62	7.64	7.62
Wilson Horton	11.70	11.70	11.70	11.70

Zurich — SPI index: 2738.31 Previous: 3685.40

	High	Low	Close	Prev.
ABB B	2320	2258	2270	2270
Adecco B	575	568	569	569
Alusuisse R	1471	1442	1447	1455
Ares-Serono B	2304	2280	2290	2295
Atel R	855	850	850	860
Baer Hdg B	2350	2300	2340	2300
Baloise Hdg R	3565	3505	3550	3525
BK Vision	1254	1235	1252	1235
Ciba Spec Chem	140	135.25	140	133.75
Clariant R	1000	975	984	965
Crd Suisse Gp R	207.25	202.50	206	202
Elektrowatt B	542	540	540	542
Ems-Chemie	6830	6710	6775	6790
ESEC Hdg	4850	4750	4805	4790
Holderbank B	1406	1364	1398	1371
Liechtenst LB B	600	586	600	586
Nestle R	1979	1915	1969	1948
Novartis R	2450	2428	2441	2417
Oerlikn Buehr R	163.75	160	163.75	161
Pargesa Hld B	2010	1995	2000	2000
PharmVisn B	905	895	902	895
Richemont A	2305	2290	2295	2293
Pirelli PC	301	285	301	290
Roche Hdg PC	14820	14600	14810	14425
SBC R	419.50	414	418	410
Schindler PC	1818	1602	1818	1805
SGS B	3165	3100	3165	3080
SMH B	870	855	862	870
Sulzer R	1230	1208	1217	1200
Swiss Reins R	2180	2140	2180	2130
Swissair R	1870	1825	1860	1804
UBS B	1709	1689	1700	1679
Winterthur R	1474	1459	1468	1469
Zurich Assur R	611	599	600	603

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ASIA/PACIFIC

Future Shock for Thai Business as Baht Floats

By Thomas Crampton
Special to the Herald Tribune

BANGKOK — Behind the darkened shop front of one travel agency along Rajaprarop Road in central Bangkok, business has boomed since the Thai baht floated, but nobody is booking tickets.

Buzzed through the door after a sideways glance from the boss, foreign and Thai customers line up, cash in hand, for service at one of the city's most popular underground currency-exchange centers.

"Many more people have been coming to buy foreign currency since the baht floated," a woman counting U.S. dollars behind the counter said.

Just around the corner, seated behind a stack of boxes, the woman running another exchange center said demand was so great last week that she ran out of dollar bills.

From illegal backstreet exchange centers to bank and corporate headquarters, Thailand's easing of the exchange rate early this month has brought with it a revolution in corporate cultures as the country adapts to a fluctuating baht from a rock-solid currency.

"In the past, the currency was risk-free, but now the cost of risk has risen," said Arporn Chewakrengkrai, chief economist at Deutsche Morgan Grenfell in Thailand. "It really is a big change."

The result has been a sort of future shock for Thai banks and corporations as currency desks are expanded and computer equipment is updated. Employees are being trained and consultants rushed in from overseas.

Executives hurriedly consider whether and how to construct hedging operations for vast enterprises long sheltered from the vicissitudes of currency turmoil.

For more than a decade, the baht was pegged to a secret basket of major currencies and remained one of Asia's most stable currencies. At 8:30 A.M. each day, the central bank set a central rate around which commercial banks could buy and sell baht. Daily volatility was limited to a band of just two satang — two one-hundredths of a baht — on either side of the central rate.

On July 2, with a slowing economy and lagging investor confidence, the floor fell out of the baht when the central bank allowed it to trade freely. Since flotation, the currency has fallen as low as 30 baht to the dollar, a 15 percent depreciation from its usual level. In late Wednesday trading, the dollar stood at 29.40 baht, but some analysts expect the baht to fall as low as 32 or 35 to the dollar within six months.

"Companies will have to hedge more and be much more prudent," a Bank of Thailand spokesman, Duangmanee Vongpradhip, said. "It has been a difficult adjustment for the banks, but the spread has quickly narrowed as they learned the new system."

Because of a lack of experience with all-day live trading, the spread between buying and selling prices has widened from 0.09 baht before the float to as much as 4 baht, Mr. Duangmanee said. On Wednesday the spread was down to 0.20 baht.

Employees at Bangkok Bank and Thai Farmer's Bank said their corporate currency desks would soon be expanded and computer equipment updated. The currency-exchange boards in most Thai Farmer's Bank branches have been shut since July 2 because the computer system needs as much as 15 minutes to update all branches.

"If there is a half-baht change in the currency, we can lose a lot of money in 15 minutes," a staff member said.

Thai businesses have also faced tough changes.

"This has required a fundamental change in our business operations," a Siam Cement Group executive said. One of the country's largest and most diversified conglomerates, Siam Cement's 1997 profit will probably be wiped out by $4 billion in unhedged foreign debt.

Two days after the baht was floated, Siam Cement centralized the currency operations of its eight divisions for the first time, the executive said. More computers will be purchased and more staff hired, and consultants from overseas will be brought in to give training in currency-risk management, he said.

"They have to come from another country, because nobody here knows how to do it," he said.

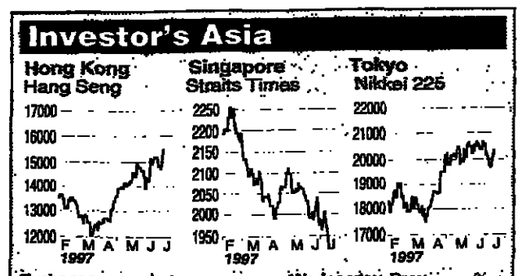
■ 2 Currencies Under Attack

Speculators launched attacks on the Malaysian ringgit and the robust Singapore dollar, pushing them lower against the U.S. dollar, news agencies reported.

"The underlying thing is the herd instinct," Alison Seng, an analyst at MMS International, said. "One or two regional currencies gets attacked, and the others also come down."

The Malaysian ringgit slid to 2.5850 to the dollar, compared with 2.5565 to the dollar Tuesday, as the central bank abstained from intervention, dealers said. The U.S. dollar closed at 1.4466 Singapore dollars, compared with 1.4412 dollars Tuesday.

Investor's Asia



Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	15,446.02	15,467.24	-0.27
Singapore	Straits Times	1,917.89	1,937.09	-0.99
Sydney	All Ordinaries	2,646.40	2,637.60	+0.33
Tokyo	Nikkei 225	20,358.74	20,069.41	+1.44
Kuala Lumpur	Composite	1,004.09	1,012.48	-0.83
Bangkok	SET	653.66	625.66	+6.07
Seoul	Composite Index	739.72	755.05	-2.03
Taipei	Stock Market Index	9,544.56	9,555.98	-0.12
Manila	PSE	2,587.36	2,655.86	-2.58
Jakarta	Composite Index	723.50	722.21	+0.18
Wellington	NZSE-40	2,477.49	2,470.91	+0.27
Bombay	Sensitive Index	4,183.42	4,221.02	-0.89

Source: Telekurs International Herald Tribune

Seoul to Lean on Kia's Bankers

Compiled by Our Staff From Dispatches

SEOUL — The government said Wednesday it would put pressure on financial institutions to honor debts they had guaranteed for the cash-strapped Kia Group in hope of saving thousands of subcontractors from going bankrupt.

"This is a crisis because of the likelihood 5,000 subcontractors will go down like dominos," said Song Chi Young, an economist at the Korea Institute of Finance. "The impact is going to be felt throughout the economy."

The financial crisis at Kia led to concern about a follow-up impact on banks and on other debt-ridden companies that rocked the South Korean stock market.

Investors rushed to sell shares in Kia's six listed affiliates, sending all six plunging by their one-day limits, as fears mounted over the future of the group that has been given an initial two-month reprieve by creditors.

The Korea Composite Index fell 2.03 percent, or 15.33 points, to close at 739.72, and the exchange's banking subindex tumbled 5.83 percent.

Kia announced a drastic plan to slim down Wednesday, a day after a consortium of banks and financial institutions stepped in to rescue South Korea's eighth-largest business conglomerate and head off a chain of bankruptcies. But analysts said the moves were little more than a bandage and that Kia was likely to be broken up and sold off, with its carmaking flagship company possibly going to Samsung Corp.

"Kia's problems potentially could do a lot of damage," said Graham Courtney, director of Asian economics at SBC-Warburg in Tokyo. *(Bloomberg, Reuters, AP)*

■ EU and U.S. Assail Korea on Cars

European and U.S. automakers joined forces to try to persuade Seoul to roll back a "frugality campaign" that they said was blocking their entry into the South Korean car market, Asia's largest outside Japan, Agence France-Presse reported.

Camille Blum, secretary of the European Automobile Manufacturers' Association, and Andrew Card of the American Automobile Manufacturers' Association met with Korean officials but said they had made no progress. Seoul insists that the frugality campaign is a citizens' movement and has nothing to do with the government.

Very briefly:

• **Hopewell Holdings Ltd.**'s shares fell 3.9 percent, to 4.90 Hong Kong dollars (63 cents), after Southern Co. said it had sold an unprofitable power plant to the Hong Kong company. Separately, bankers said **GS Superhighway Holdings Ltd.**, a subsidiary of Hopewell, planned to raise $600 million to fund a road project in southern China.

• **Hong Kong's** Hang Seng Index added two red-chip stocks, or shares of Chinese companies listed in Hong Kong: **China Resources Enterprise Ltd.** and **Cheung Kong Infrastructure Holdings Ltd.**

• **Hong Kong** has the ability to build more than 100,000 apartments a year to alleviate the housing shortage, the territory's financial secretary, Donald Tsang, said. The announcement came after Tung Chee-hwa, Hong Kong's chief executive, pledged to allow construction of at least 85,000 apartments a year to deal with the shortage.

• **Hong Kong's** police charged Kevin Wallace, a former executive in **Merrill Lynch & Co.'s** private-banking unit, with money laundering but freed him after an executive from **National Australia Bank Ltd.** paid his bail.

• **China's** grain production this year will be below 1996 levels because of a worsening drought in the northeastern and central parts of the country, a State Statistics Bureau agricultural official said.

• **Telekom Malaysia Bhd.** plans to buy at least a 10 percent stake in **Sistem Televisyen Malaysia Bhd.**, Malaysia's top commercial broadcaster, to try to broaden its reach in the media industry. Telekom will pay about 102 million to 107 million ringgit ($39.9 million to $41.9 million) to buy the stake from **Malaysian Resources Corp.**

• **Jakarta's** stock exchange plans to discontinue its practice of disclosing identities of brokers involved in each trade, a move that analysts said may make the market less transparent and could hurt trading.

• **India's** gross domestic product grew a greater-than-expected 6.8 percent in the 12 months that ended in March, according to a revised estimate.

• **Australia** joined several other countries, including the United States and New Zealand, in requesting World Trade Organization consultations over India's import restrictions on 2,700 items.

• **Hitachi Ltd.** plans to scale back its production of 16-megabit dynamic random-access memory microchips to cope with a slumping market, according to news reports.

• **Toyota Motor Corp.** is considering opening a representative office in Moscow this year and producing vehicles in Russia in the future.

Reuters, Bloomberg, AFP

Hanoi Official Urges State to Seek Private Capital

Agence France-Presse

HANOI — Finance Minister Nguyen Sing Hung has called for the creation of more joint-stock companies and the privatization of state-owned companies to try to ensure growth, a report said Wednesday.

On its front page, the official Vietnam News quoted Mr. Hung as saying, "It's time for the government to push for private investment."

He added, "We must accelerate the formation of joint-stock companies with shares sold largely to the population."

Mr. Hung said his idea might meet with resistance at some levels of government, including the Communist Party, which has made state-led growth a foundation stone of its industrialization policy.

"I understand this may damage the rights of some state managers and administrators," he said, "but this is the only viable way at the moment to develop the national economy."

Mr. Hung's remarks came amid widespread indications that Vietnam's economy is losing steam. Its growth in industrial production tumbled to 1.7 percent in the first half from 10.3 percent a year earlier, and state-owned steel and cement plants have stockpiles of unsold output despite emergency import bans.

PEPSI: *New Fast-Food Concern Plans Expansion*

Continued from Page 11

In the mid-1990s, its pattern was volatility, with results tied almost completely to the success of its newest products.

Analysts predict that Mr. Novak will try to turn around Pizza Hut using methods that worked at KFC after he took over there in 1994. At KFC, he perked up the decor, instituted intensive training programs to improve service, pushed new products such as chicken pot pies and directly took on Boston Market, a unit of Boston Chicken Inc., by selling mix-and-match buckets of Tender Roast chicken parts to consumers who did not want to buy a whole or half of a chicken.

Mr. Novak has already instituted a $50 million revamping of Pizza Hut's menu, service and ambiance. In addition, at KFC, he has quelled a rebellion among longtime franchisees angered at encroachment on their territory from new KFC outlets and has adopted a generally benevolent attitude toward them, in contrast to PepsiCo's old imperious ways. He is likely to do the same with franchisees for Tricon's other chains.

"David Novak is a super leader, and I made the best profit last year that I've ever had," said Pete Harman, an owner of 265 Pizza Huts in four Western states and a former plaintiff in a now-resolved franchisees' lawsuit.

Mr. Harman predicted that "there will be a whole new attitude toward us in the new company."

The thrust of the company's strategy is targeted expansion — and fie on the skeptics who worry about a glut of fast-food outlets.

Tricon will also aim to grab more of the $62 billion in sales in the international fast-food market. PepsiCo's restaurant business has added 700 units a year internationally in the past five years, and that process will be accelerated, Mr. Novak said.

KFC already gets more than half its sales from abroad, and Mr. Pearson said Tricon would use its large cash flow to expand overseas even more than PepsiCo did. "Internationally, we are like McDonald's back in 1980," Mr. Novak said. "Our opportunity is huge."

Mr. Pearson returns to the fast-food fray after more than a decade in less consumer-driven pursuits. After resigning from PepsiCo in 1985, he lectured on competitive strategy and management at Harvard Business School until his retirement last year. In 1991, he became a principal of the New York private investment-banking firm Clayton, Dubilier & Rice Inc.

Mr. Novak is deferential toward his new boss, saying that he suggested Mr. Pearson during the search for a chairman. "I have known him for 10 years, and I've seen him in action," Mr. Novak said, "and I'm looking forward to learning from him."

Mr. Pearson, at PepsiCo's headquarters in Purchase, and Mr. Novak, in KFC's headquarters in Louisville, Kentucky, talk two or three times a day on the phone. "When we both conclude that David is ready to take over on his own, then I'll hand him the baton," Mr. Pearson said.

But before he leaves, Mr. Pearson vows to prove the doubters wrong. The new company, he says, represents "a great challenge, a chance to prove to the world that this business is every bit as good as we thought it was."

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m Consultatio Lat Am A(Jun30 $ 144.91
m Globevest Value (May31) $ 227.45
m Heisei Japan Fund Y 8238
m India Performance Fd(Jun30 $ 113.93
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d Interportfolio Fd Latest NAV $ 652.56
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d Europe ECU A (Dis) Ecu 239.4111
d Europe ECU B (Cap) Ecu 246.9430
d Far East USD A (Dis) $ 26.5111
d Far East USD B (Cap) $ 26.7052
d Japan JPY A (Dis) Y 972.0315
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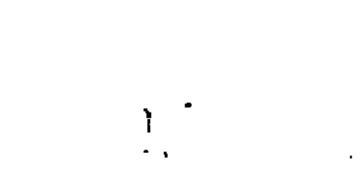

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Herald International Tribune
SPORTS

WORLD ROUNDUP

Muster Falls on Clay

TENNIS Thomas Muster, playing for the first time since mid-June, failed Wednesday to shake his clay-court slump, losing to Albert Portas, 6-4, 7-5, in the second round of the Mercedes Cup in Stuttgart.

Muster dominated on clay for two years, but he has lost eight matches on the surface this season. His rustiness showed against Portas, a Spaniard ranked No. 50 in the world.

Boris Becker, the seventh-seeded local hero who has announced his gradual retirement, beat Karim Alami, 7-6 (7-5), 7-6 (7-5). *(AP)*

2 Cowboys Ride Into Sunset

FOOTBALL Charles Haley and Jay Novacek, two Dallas Cowboys with eight Super Bowl rings between them, retired Tuesday because of similar back injuries.

Haley, 33, had 97½ sacks in his 11-year career and is the only player to own five Super Bowl rings.

Novacek, 34, a tight end who missed last season with a degenerative back condition, caught a club record 339 passes.

"I've been fighting depression for a long time because of this injury, but you know, I've had a pretty good career," Haley said. "It's time to move on." *(AP)*

Cards Release Valenzuela

BASEBALL Fernando Valenzuela, the Cy Young Award winner, has been placed on unconditional release waivers by the St. Louis Cardinals.

Valenzuela, who claims to be 36, began the season with San Diego before a six-player trade on June 13. The left-hander went 0-4 with a 5.56 earned run average in five starts for the Cardinals and is 2-12 overall, leading the majors in losses. *(AP)*

Baggio Heads for Bologna

SOCCER Roberto Baggio said he will be moving to serie A side Bologna next season from AC Milan.

• Yuri Pohrebnyak, head coach of Ukrainian premier division club Metalurg Mariupol, was banned for life Wednesday for beating up the referee and one of the linesmen who officiated over his side's home defeat Sunday. *(Reuters)*

An American Rider Enjoys Fling at Fame

But a Frenchman Wins the Stage And a German Still Wears Yellow

By Samuel Abt
International Herald Tribune

PERPIGNAN, France — George Hincapie enjoyed about 45 minutes of celebrity Wednesday afternoon, which, when all was said and done, was still three times what Andy Warhol promised every American.

What if Hincapie, 24, and his three companions in a Tour de France breakaway were eventually caught? That happens constantly. The important thing

TOUR DE FRANCE

was that Hincapie, a native of New York who lives in Charlotte, North Carolina, was at the front of the race, showing the colors of his U.S. Postal Service team and attempting to leave his personal mark on the bicycle race.

Like the remaining 175 riders, all six Americans in this 84th edition of the Tour are trying to do the same as Hincapie. Their success can be measured in thin slices: Just getting through the Pyrenees and reaching the day off Thursday at the halfway mark of the three-week race is an accomplishment.

"More important than anything is just to finish this thing," said Bobby Julich, 25, a Colorado native who lives in Sacramento, California, and rides for the Cofidis team based in France.

"The Tour is a huge experience," he said. "I never thought it would be this big."

Only one American ranked among the top 10 finishers of Wednesday's stage, 192 kilometers (119 miles) downhill from the principality of Andorra to Perpignan in the southeast of France. He was Frankie Andreu, 30, a native of Dearborn, Michigan, who also rides for Cofidis. Andreu finished eighth after a mass sprint for fourth place.

The winner of the stage was Andreu's and Julich's teammate, Laurent Desbiens, a Frenchman, who was timed in 5 hours 5 minutes 5 seconds in hot and sunny weather. Carlo Finco, an Italian with MG, was second. Sergei Outschakov, a Ukraine with Polti, was third.

Outschakov crossed the line first in a sprint by the three after their late breakaway succeeded, but was disqualified for interfering with Desbiens. Just as the Ukraine was raising both arms in what he thought was victory, the Frenchman was raising his right hand to signify a protest. He was upheld when film of the finish clearly showed Outschakov swerving to his left to block his Cofidis rival.

The main group of pursuers crossed 18 seconds later, and Frederic Moncassin finally recorded the sprint "victory" he has sought all year. Too bad for the Frenchman it was for fourth place.

Jan Ullrich, a German with Telekom, continued serenely in the overall leader's yellow jersey by 2:38 over Richard Virenque, a Frenchman with Festina. Abraham Olano, a Spaniard with Banesto, is third, 4:46 behind.

Overnight, Virenque was docked with a 20-second time penalty for receiving water illegally from his team car near the finish and then absolved. Judges ruled that the water had been poured over his head — legal — and not given him to swallow — a criminal act.

In addition to Julich and Andreu, the nine-man Cofidis team includes Kevin Livingston, 24, a native of St. Louis who lives in Austin, Texas. With Hincapie on U.S. Postal Service are Marty Jemison, 32, of Salt Lake City and Tyler Hamilton, 26, of Massachusetts.

Andreu is riding his sixth Tour de France and has finished all so far, a testimony to his toughness. Hincapie is in his second Tour, and the others are in their first.

Their roles vary, according to team. U.S. Postal Service has two leaders, Slava Ekimov on the flat and Jean-Cyril Robin in the mountains, and the Americans ride support for them.

"My job is to make sure Robin arrives in good position at the first climb," Jemison explained. "I have to give him everything I've got."

Cofidis, however, has no leader since Tony Rominger broke his collarbone in a crash last week and withdrew. So Julich, Livingston and Andreu are more free to ride for themselves.

Overall, after this 11th of 21 daily stages, Livingston ranked 33d; Julich, 40th; Jemison, 73d; Hamilton, 78th; Andreu, 80th, and Hincapie, 132d. Livingston and Julich, the two strongest climbers in this group, were impressive in the second of two stages in the Pyrenees on Tuesday, finishing 15th and 23d respectively.

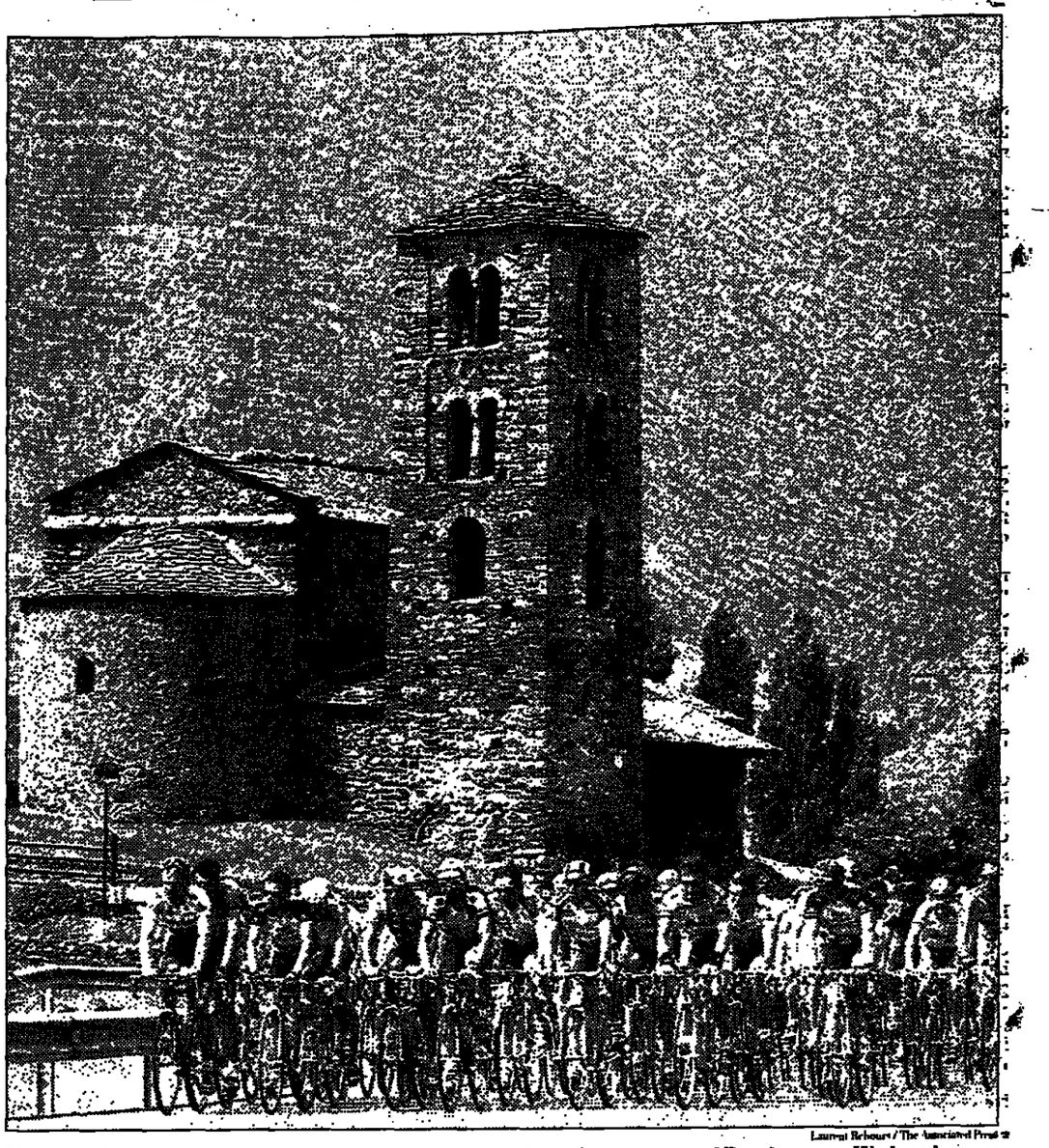
"I needed to find my legs and I didn't until the second or third climb of the first day in the Pyrenees," Julich said before the start Wednesday. "By then it was too late.

"Yesterday I felt much better. When I realized I wasn't going to make top five or top 10, I saved myself a little bit.

"Today I feel fine. I think my legs are going to feel better for the time trial and the Alps."

A long and uphill time trial, or individual race against the clock, is scheduled Friday. The Alps begin Saturday.

Julich summed up the Americans' general feelings: "Going up those climbs yesterday, it was like 'Wow!' I'm having goose bumps thinking I'm in the Tour de France, it's one of the hardest stages in years and I don't feel so bad. This is good."



Laurent Rebours / The Associated Press

The Tour de France pack climbing out of Andorra up the Envalira pass toward Perpignan on Wednesday.

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THE WORLD'S DAILY NEWSPAPER

RYDER CUP '97 JOHNNIE WALKER

Scots Await a Champion of Their Own

Can Montgomerie Win at Home? The Answer Is Blowing in the Wind

By Ian Thomsen
International Herald Tribune

TROON, Scotland — The wind that carved out the character of Scotland, incidentally creating golf, blows now in salty puffs across the Scotsman's chin. On Thursday he will try to calm himself against the bluster and tie up the strings of his upbringing in a fast and pretty bow.

"There's nothing that's secret about the fact that I

OPEN GOLF

know my way around here, and I know what I'm doing on this golf course," Colin Montgomerie, the 34-year-old Scot, said as he readied himself for the 126th British Open, which begins Thursday and ends Sunday. "It's just a matter of trying to go out there and prove it. It's sort of obvious I'm O.K. physically and technically. It's just mentally whether I can cope with the public pressure, and the pressure that's been put on, and the pressure, with all respect, by yourselves." He was speaking to the reporters who had filled a tent to hear him speak with such painstaking honesty.

This predicament is best understood going backward. Montgomerie for the last two months has been playing the best golf of his career. He has never, despite three extended challenges, most recently last month at the U.S. Open, never won a major championship. As a teenager he grew up about 150 yards from the links of Royal Troon, which he has played "thousands of times." Because he seems to understand the course so well, he has been challenged to become the first "real" Scot to win the British Open since James Braid in 1910.

Montgomerie seemed to be of two minds about the weather he grew up with. The top player in Europe for the last four years, availed of the most scientific equipment and training, and a freckled orange tan that no Scottish summer could produce, he was asked a few days ago how much wind he would like to find blowing at Troon. "None, really," he said. "I like this type of weather." It was calm at the time.

'If you go to Augusta you'd never see a weed like that. But it's the weeds that help make this course.'

Soon after he arrived at Troon, his feelings changed as surely as the coastal gales. "Possibly it would favor me if it remains breezy, because I happen to know, I've played this course in all types of conditions," Montgomerie said. "Possibly in practice some people are only going to play the course when the wind is blowing in one particular direction, but this isn't the direction it usually blows."

When the wind blows as it has done throughout the practice rounds this week, it tends to relieve the game of its swagger, its sense of self-importance. It then becomes the game the Scots invented in the first place some four or five centuries ago. They seem to be the same people they've always been, unimpressed by fads and other such trends. On such issues Robert Burns, the poet of two centuries ago, still speaks for them.

"He expressed what every Scotsman loved to express," said Joe Campbell, a marshall who is supervising holes 1, 2, 17 and 18 at the Open. "He was a man of enormous weaknesses, but he was totally devoid of hypocrisy."

Campbell, besides being a member of Royal Troon, is also honorary president of the World Burns Federation. With his umbrella he pointed across the first fairway at a pair of bunkers.

"These are not man-made bunkers," he said. "Bunkers like these were here already. They were holes in the ground with sand in them blown in from the beach. When they started playing golf the players played around them."

Then with his umbrella the Burnsian pointed at his feet at a long weed.

"If you go to Augusta in America, which really is a beautiful, gorgeous course, you'd never see a weed like that," he said. "But it's the weeds that help make this course, and it's the weeds that Burns celebrated. The daisy, the thistle, the mouse — all of the ordinary things people never mentioned, these were the things he wrote about. He wrote about nature."

The sea was brown and white-capped at his back, and all before him Royal Troon seemed relatively empty. On such a practice day at the U.S. Open, the course would have been sold out and overwhelmed. Here, the players were being told that they would be attended when the score was kept and not before; that they were important, crucially, for what they did, as opposed to who they are.

Since World War I there have been three British Opens champions of Scot blood, but two — Jock Hutchison (the 1921 champion) and Tommy Armour (1931) — had already moved overseas and become US citizens, and the third, Sandy Lyle (1985), was born in England and represented England internationally. So it all comes down to Montgomerie, who has missed the cut in four of his last five attempts at the British Open. His competition will include a field of peaking major champions — Tiger Woods, Ernie Els, Greg Norman and Tom Lehman, the defending titlist.

If he is in contention on Sunday, Montgomerie will have to take on a back-nine as difficult when the wind is blowing as any finishing holes in major championship golf.

Adding to the expectations will be the mirroring footstep of his father, James Montgomerie, the club secretary of Royal Troon who is retiring next month and has promised to follow his son this week for as far as the tournament takes them. If the Scotsman wins, which is to hope against hope, his every shot will be traced back through his father, along the contours of the old grazing land that became his father's course, back through the enduring spirit of the farmer poet, and into the face of the carving wind.

PEDALING FOR GLORY

International Herald Tribune editor Samuel Abt has been writing about bicycle racing for two decades. In his new book, he covers the 1996 pro bicycle racing season – one of the most dramatic in history. From the ice and snow of the early races in March to the sweltering heat at the Summer Olympics, the book follows the races and the racers in what Greg LeMond once described as the toughest job in the world.

Pedaling for Glory (US$14.95) can be ordered through quality bookstores everywhere or from:
Motorbooks International, POB 1, Osceola, Wisconsin, USA 54020.

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A Giant Inning: 13 Runs in 7th

The Associated Press

The San Francisco Giants had to catch a flight to Houston. They weren't exactly running to get there.

That's because they were too busy running around the bases Tuesday night in San Diego.

The Giants scored 13 runs — setting the modern National League record for runs in a seventh inning — in a 16-2 rout of the Padres. The inning took 52 minutes, and 19 batters faced 80 pitches.

San Francisco scored seven runs before J.T. Snow grounded out for the first out, drawing a loud, derisive cheer from the crowd of 28,539. By then, the Giants led 10-2.

Four Giants scored two runs each, and even the starting pitcher, Kirk Rueter, got on base and scored. The only regular not to score was Snow, who struck out with the bases loaded for the second out.

"I was trying to speed the game up," Snow joked. "We have a flight to catch."

The inning finally ended one batter later when Jeff Kent was forced on Stan Javier's grounder. Javier, who opened the inning with a single off the loser, Andy Ashby, batted three times.

Phillies 8, Braves 1 Mike Lieberthal drove in a career-high four runs and Garrett Stephenson pitched a four-hitter for his first complete game in nine major league starts as Philadelphia won in Atlanta to end a nine-game losing streak against the Braves.

Lieberthal hit a three-run homer in a six-run sixth inning and Mickey Morandini had three hits, helping the Phillies to just their fourth win in 27 games.

John Smoltz allowed a season-high eight runs — seven earned — and nine hits in eight innings.

Expos 5, Marlins 0 A rookie, Dustin Hermanson, allowed just five singles for his first career shutout, walked none and struck out a season-high nine of his former teammates as Montreal won in Miami.

Henry Rodriguez, Ryan McGuire, Chris Widger and Doug Strange drove in runs for Montreal.

Pirates 4, Mets 3 In Pittsburgh, the pinch hitter Mark Johnson hit a run-scoring double and scored on Tony Womack's double in the seventh, and another pinch hitter, Turner Ward, singled home the go-ahead run in the eighth.

Cardinals 7, Reds 4 In Cincinnati, Ray Lankford hit two upper-deck homers — a first in what is now called Cinergy Field. His two-run homer in the first and solo shot in the third helped St. Louis to a 5-0 lead.

Astros 5, Cubs 3 In Chicago, Bill Spiers's three-run, pinch-homer off Mel Rojas with one out in the ninth lifted Houston.

With Houston trailing 3-2, Sean Berry led off the ninth with an infield single. Craig Biggio walked with one out and Spiers, batting for the pitcher, Darryl Kile, sent an 0-2 pitch into the left-center field bleachers, Rojas's fifth blown save in 14 chances.

Dodgers 6, Rockies 5 In Denver, Todd Zeile homered for the third time in two days, raising his season total to 20, and Mike Piazza drove in two runs as Colorado lost its 11th in 12 games.

Chan Ho Park allowed three runs and seven hits in 6⅓ innings. Larry Walker was 0-for-4, dropping him to .406.

In the American League:

Angels 6, Rangers 2 Jason Dickson, the only reason the Angels are in the playoff race, may be heading for some honors himself.

Just past the midpoint of the season, he moved halfway to becoming the first American League rookie to win 20 games since Bob Grim in 1954, leading Anaheim to its eighth consecutive victory as it beat Texas.

"I'm just trying to go out there and have quality starts every time out," Dickson said. "I mean, 20 wins is unheard of. Maybe a guy like Roger Clemens is on a pace like that. He's got a shot at it, but it's still tough."

Dickson (10-4) allowed one run and eight hits in seven innings, stranding runners at third base in the fourth and fifth innings. Texas got its run off him on Will Clark's leadoff homer in the sixth.

Athletics 8, Mariners 5 Mark McGwire hit his major league-leading 32d homer, tying Joe DiMaggio for 42d place on the career list at 361. McGwire also drove in four runs as Oakland beat visiting Seattle.

Jamie Moyer (9-3) lost for the first time since May 29, allowing five runs and eight hits in six innings. He struck out six.

Orioles 6, Blue Jays 4 Lenny Webster drove in four runs and hit one of four homers off Juan Guzman at Camden Yards as Baltimore completed a two-game sweep.

After Brady Anderson homered leading off the game and Webster hit a two-run shot in the second inning, successive homers by B.J. Surhoff and Jeffrey Hammonds in the fourth put Baltimore ahead, 6-1.

Twins 8, White Sox 4 In Minneapolis, Brad Radke (12-5) had a no-hitter for five innings and won his eighth consecutive start. He didn't allow a hit until Mike Cameron's leadoff bloop single in the sixth, allowing three runs — one earned — and five hits in seven-plus innings.

Tigers 7, Red Sox 5 Damion Easley tied the score with an eighth-inning homer at Fenway Park and Melvin Nieves hit a two-run shot in the 12th.

Boston came back from a 4-0 deficit with three runs in the fourth and one in the sixth, and Wilfredo Cordero homered for the second consecutive game.

Brewers 5, Royals 2 Dave Nilsson homered twice and Scott Karl (3-10) won for the first time since May 23 as visiting Milwaukee sent Kansas City to its 13th loss in 14 games.

Al Behrman/The Associated Press

The Reds' Eric Owens arriving safely at third base in Cincinnati after a passed ball, despite the efforts of Danny Sheaffer of the Cardinals. St. Louis won nonetheless, 7-4.

Keeping the Chart on Irabu

The Reviews Are Mixed After Yankee's 2d Victory

By Murray Chass
New York Times Service

NEW YORK — Telephone calls to the hotel and to the ballpark in Boston did not find Brian Hunter. Too bad. The Detroit Tigers' center fielder deserved to hear firsthand that his comments about Hideki Irabu last Thursday maybe weren't so outrageous after all.

Proclaiming brashly that Irabu was not "ready for the major league level" while everyone else in the Tigers' clubhouse was praising him or at least being diplomatic, Hunter said the Japanese pitcher's success in his major league debut that night was tempered by the fact that he was pitching against the inexperienced Tigers.

"You get a team with a little more experience, he's not going to have that success," Hunter said. "You'll see." The Indians, he was told, would be Irabu's next opponent Tuesday. "Yeah," he responded, "check that out."

So Cleveland came to Yankee Stadium with one of the league's most explosive offenses, and check it out: five runs, nine hits, three home runs and four strikeouts in five innings, compared with two runs, five hits, no home runs, nine strikeouts in 6⅔ innings last Thursday.

Henry Ray Abrams/Agence France-Presse

Hideki Irabu reacting to a balk call.

Even so, Irabu got the victory as Tino Martinez hit his 31st homer, a three-run shot, and the Yankees got 17 hits for a 12-6 victory.

Matt Williams was asked, "Do you wonder where some of the comparisons came from, the Japanese Nolan Ryan?"

The third baseman, whose three-run home run turned a creditable performance by Irabu into a mediocre outing, replied: "You guys are really searching. What are you, downgrading him already? Is he 2-0? That speaks for itself. That's all that matters. I'm sure other pitchers have given up nine hits and five runs, too. Nolan Ryan probably did once or twice. He's a good pitcher."

The Indians emerged from their five-inning encounter with Irabu with mixed assessments, but the worst anyone said was that he was a "regular" pitcher.

"He doesn't have anything that we haven't seen before," said David Justice, who struck out, grounded out and singled against Irabu. "He's just a regular pitcher."

"We have some decent hitters," said Pat Borders, the Cleveland catcher said. "You can't make too many mistakes. Except for Williams's home run, we got two runs in five innings. That isn't bad against this club."

"He was throwing a lot of first-pitch fastballs," said Marquis Grissom, who hit one for a home run at the start of the fifth. "That's why you have to do your homework, go out and see what the guy's doing, see if you can get a pattern. In that situation I was looking for a fastball."

Both the Indians and the Tigers have noted that Irabu hasn't thrown the fabled fastball that supposedly has been clocked as high as 99 miles an hour. The Yankees said Tuesday that Irabu started out throwing 95 but tailed off to 88 and 89 in the withering heat and humidity.

"He has just a regular fastball," Justice said. "When I was 0-2, I was looking for something off speed because I knew if he threw a fastball, I could still hit it."

■ Lee Smith Retires From Baseball

Lee Smith, baseball's career leader in saves with 478, announced his retirement from baseball Tuesday, before Montreal's 5-0 victory over Florida, The Associated Press reported from Miami.

Smith, who departed quietly for St. Louis after talking to Felipe Alou, the Expos' manager, led active relievers with 1,016 relief appearances, and his 1,022 games made him just the fourth major league pitcher to appear in more than 1,000 games.

ard Perpignan on Wednesday.

'Their Own

Blowing in the Wi

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION	W	L	Pct.	GB
Baltimore	57	33	.633	—
New York	52	39	.571	5½
Toronto	43	46	.483	13½
Detroit	43	48	.473	14½
Boston	40	52	.435	18
CENTRAL DIVISION				
Cleveland	48	38	.558	—
Chicago	47	44	.516	3½
Milwaukee	43	45	.489	6
Minnesota	40	51	.440	10½
Kansas City	37	51	.420	12
WEST DIVISION				
Seattle	52	41	.559	—
Anaheim	50	42	.543	1½
Texas	45	46	.495	6
Oakland	38	57	.400	15

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	59	34	.634	—
Florida	53	38	.582	5
New York	51	41	.554	7½
Montreal	50	41	.549	8
Philadelphia	26	64	.289	31½
CENTRAL DIVISION				
Pittsburgh	47	45	.511	—
Houston	47	47	.500	1
St. Louis	45	47	.489	2
Cincinnati	40	51	.440	6½
Chicago	38	55	.409	9½
WEST DIVISION				
San Francisco	53	40	.570	—
Los Angeles	50	43	.538	3
Colorado	44	50	.468	9½
San Diego	42	51	.452	11

TUESDAY'S LINESCORES

AMERICAN LEAGUE

Cleveland 001 040 010—6 13 0
New York 026 000 48x—12 17 0
Nagy, Wertners (3), Morman (7), Plunk (7) and Borders; Irabu, Mendoza (6) and Girardi. W—Irabu, 2-0. L—Nagy, 9-6. Sv—Mendoza (1). HRs—Cleveland, Grissom (5), Mo.Williams (22), T. Fernandez (4). New York, T. Martinez (31), Curtis (6).

Seattle 001 000 040—5 10 0
Oakland 301 001 12x—8 11 2
Moyer, M. Maddux (7), Charlton (8) and Da.Wilson; Rigby, Mohler (5), D. Johnson (7), Groom (8), Taylor (8) and Ga.Williams. W—Mohler, 1-8. L—Moyer, 9-3. Sv—Taylor (17). HRs—Oakland, Stairs (15), McGwire (32), Ga.Williams (3).

Detroit 210 000 010 002—7 14 1
Boston 000 301 100 000—5 14 1
(12 innings):Olivares, Mlicki (5), M. Myers (6), Brocail (8), To.Jones (11) and Casanova; Wakeck (9); Gordon, B. Henry (7), Slocumb (10), Wasdin (11) and Hatteberg. W—To.Jones, 2-3. L—Wasdin, 3-5. HRs—Detroit, Nieves (13), Easley (14). Boston, Cordero (13).

Toronto 010 010 020—4 6 0
Baltimore 120 202 00x—8 13 0
Guzman, Andujar (4) and B. Santiago; Boskie, Rhodes (6), Mills (9) and Webster. W—Boskie, 5-3. L—Guzman, 3-6. HRs—Toronto, Carter (12), C. Delgado (19), S. Green (10). Baltimore, B.Anderson (9), Surhoff (13), Hammonds (15), Webster (4).

Chicago 000 002 020—4 6 0
Minnesota 010 520 00x—8 15 1
Navarro, C. Castillo (6) and Fabregas; Radke, Swindell (8), Trombley (8), Guardado (9) and Steinbach. W—Radke, 12-5. L—Navarro, 7-8. HRs—Chicago, F. Thomas (21). Minnesota, R. Kelly (2).

Milwaukee 100 011 020—5 8 1
Kansas City 000 020 000—2 9 0
Karl, Wickman (8), Wilsone (8), DeJones (9) and Matheny; Appier, Caslan (8), Olson (9) and Macfarlane. W—Karl, 3-10. L—Appier, 6-8. HRs—Milwaukee, Burnitz (13), Nilsson 2 (11).

Texas 000 001 001—2 9 1
Anaheim 050 000 10x—6 12 1
K.Hill, Whiteside (2), Gunderson (7) and I. Rodriguez; Dickson, Holtz (8), Hasegawa (9) and Leyritz. W—Dickson, 10-4. L—K. Hill, 5-7. HRs—Texas, W. Clark (10), Newson (6).

NATIONAL LEAGUE

Houston 000 000 202—5 9 0
Chicago 000 300 000—3 8 0
Kile, Carbrera (9), Magnante (9) and Eusebio; Foster, R. Tatis (8), Rojas (8) and Houston. W—Kile, 12-3. L—Rojas, 0-3. Sv—Magnante (1). HRs—Houston, Spiers (2). Chicago, Dunston (6).

Los Angeles 101 002 110—4 12 0
Colorado 001 000 211—5 11 0
Park, Hall (7), Guthrie (8), ToWorrell (9) and Piazza; R.Bailey, Leskanic (7), McCurry (8) and Je.Reed, Mahomes (9). W—Park, 7-5. L—R. Bailey, 8-7. Sv—To.Worrell (23). HR—Los Angeles, Zeile (23).

Philadelphia 000 006 020—8 10 0
Atlanta 001 000 000—1 4 1
Stephenson and Lieberthal; Smoltz, C. Fox (9) and Edd.Perez. W—Stephenson, 3-4. L—Smoltz, 8-8. HR—Philadelphia, Lieberthal (13).

Montreal 000 010 220—5 10 0
Florida 000 000 000—0 5 2
Hermanson and Widger; Saunders, Hutton (7), Whisenant (9) and C.Johnson. W—Hermanson, 4-4. L—Saunders, 2-2.

New York 100 200 000—3 7 0
Pittsburgh 001 000 21x—4 9 0
Mlicki, Acevedo (7) and Hundley; Schmidt, Christiansen (8), Loiselle (9) and Kendall. W—Christiansen, 1-0. L—Acevedo, 1-1. Sv—Loiselle (13). HR—New York, Boerga (5).

St. Louis 212 020 000—7 9 1
Cincinnati 002 001 010—4 12 0
AL.Benes, Beltran (6), T. JAthews (7), Fossas (8), Eckersley (9) and DFelices; Tomko, Fe.Rodriguez (4), Remlinger (5), Sullivan (7), Belinda (9) and J. Oliver. W—AlBenes, 9-7. L—Tomko, 5-2. Sv—Eckersley (21). HRs—St. Louis, Lankford 2 (22).

San Francisco 000 102 (13)00—16 16 0
San Diego 100 100 000—2 5 2
Rueter, Tavarez (7), D. Henry (8), Beck (9) and R. Wilkins, Jensen (8); Ashby, P. Smith (7), Batchelor (7), Bergman (7), Cunnane (9) and Flaherty, Romero (7). W—Rueter, 6-4. L—Ashby, 5-6. HRs—San Francisco, Bonds 2 (23). San Diego, Caminiti (9).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct	GB
Yakult	48	29	1	.622	—
Hiroshima	36	35	0	.521	8
Yokohama	36	37	0	.493	10
Chunichi	37	41	0	.474	11½
Hanshin	36	40	1	.474	11½
Yomiuri	32	45	0	.416	16

PACIFIC LEAGUE

	W	L	T	Pct	GB
Seibu	43	32	2	.571	—
Orix	40	30	2	.569	½
Daiei	42	35	0	.545	2
Nippon Ham	38	40	1	.487	6½
Kinintsu	32	43	1	.428	11
Lotte	29	43	2	.403	12½

WEDNESDAY'S RESULTS

CENTRAL LEAGUE

Hanshin 13, Yakult 12
Hiroshima 10, Chunichi 1
Yokohama 9, Yomiuri 4

PACIFIC LEAGUE

Kinintsu 7, Orix 4
Seibu 5, Daiei 1
Nippon Ham 6, Lotte 2

CRICKET

AUSTRALIA TOUR

GLAMORGAN VS AUSTRALIA
3-DAY MATCH, 1ST DAY AT TEA
WEDNESDAY, IN CARDIFF, WALES

Australia: 282-4

ASIA CUP

PAKISTAN VS BANGLADESH
WEDNESDAY, IN COLOMBO, SRI LANKA

Pakistan: 319-5 (50 overs)
Bangladesh: 210 all out (49.3).
Pakistan won by 109 runs.

CYCLING

TOUR DE FRANCE

Leading placings in 182 kilometers, (113.3 miles), 11th stage of the Tour de France from Andorra to Perpignan:

1. Laurent Desbiens, France, Cofidis 5 h. 5 m. 5 s.; 2. Carlo Finco, Italy, MG Technogym s.t.; 3. Sergei Ovtschakov, Ukraine, Polti s.t.; 4. Frederic Moncassin, France, GAN at 18 s.; 5. Erik Zabel, Germany, Telekom; 6. Mario Traversoni, Italy, Mercatone Uno; 7. Fabio Baldato, Italy, MG Technogym; 8. Frankie Andreu, U.S., Cofidis; 9. Adriano Baffi, Italy, U.S. Postal; 10. Gianluca Pierobon, Italy, Batik all s.t.

OVERALL: 1. Jan Ullrich, Germany, Telekom 60 h. 6 m. 17 s.; 2. Richard Virenque, France, Festina at 2 m. 38 s. behind; 3. Abraham Olano, Spain, Banesto 4:46; 4. Bjarne Riis, Denmark, Telekom 4:53; 5. Marco Pantani, Italy, Mercatone Uno 5:29; 6. Fernando Escartin, Spain, Kelme 5:46; 7. Laurent Dufaux, Switzerland, Festina 6:02; 8. Oscar Camenzind, Switzerland, Mapei 7:08; 9. Francesco Casagrande, Italy, Saeco 7:20; 10. Cedric Vasseur, France, GAN 7:31.

GOLF

JOHNNIE WALKER RYDER CUP

Standings for 1997 Ryder Cup to be played Sept. 26-28 at Valderrama in Sotogrande, Spain. Top 10 finishers will qualify for 12-man teams. U.S. captain Tom Kite and European captain Seve Ballesteros will select two players at large to complete each team:

UNITED STATES

1. Tiger Woods 1165.000 points; 2. Tom Lehman 1016.286; 3. Mark O'Meara 801.250; 4. Brad Faxon 727.500; 5. Scott Hoch 721.953; 6. Jim Furyk 697.500; 7. Tommy Tolles 689.286; 8. Phil Mickelson 659.286; 9. Davis Love III 655.167; 10. Justin Leonard 588.500; 11. Steve Jones 579.286; 12. Jeff Maggert 566.625; 13. Mark Brooks 549.750; 14. Paul Stankowski 503.333; 15. David Duval 470.000.

EUROPE

1. Colin Montgomerie, Scot. 815,038.28 points
2. Ian Woosnam, Wales 495,212.19
3. Darren Clarke, N.Ireland 426,890.35
4. Lee Westwood, England 406,358.17
5. Bernhard Langer, Germany 364,027.96
6. Thomas Bjorn, Denmark 326,211.59
7. Per-Ulrik Johansson, Sweden 324,585.30
8. Miguel Angel Martin, Spain 323,600.30
9. Costantino Rocca, Italy 302,715.29
10. Paul Broadhurst, England 254,844.68
11. Jose Maria Olazabal, Spain 247,334.06
12. Sam Torrance, Scotland 218,321.21
13. Ignacio Garrido, Spain 212,801.22
14. Peter Mitchell, England 202,778.07
15. Mark James, England 195,759.86

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

NEW YORK—Put OF Bernie Williams on 15-day disabled list, retroactive to July 14. Recalled OF Scott Pose from Columbus, IL.

OAKLAND—Put RHP Mike Oquist on 15-day disabled list. Called up RHP Gary Haught from Edmonton, PCL. Designated INF Scott Sheldon for assignment.

NATIONAL LEAGUE

CHICAGO—Traded RHP Frank Castillo to Colorado for RHP Matt Pool. Recalled RHP Dave Swartzbaugh from Iowa, AA.

CINCINNATI—Traded RHP Hector Carrasco and RHP Scott Service to Kansas for OF Jon Nunnally and INF-OF Chris Stynes.

MONTREAL—Announced retirement of RHP Lee Smith.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

MINNESOTA—Signed Flip Saunders, general manager and coach, to 5-year contract extension.

NEW JERSEY—Agreed to terms with G Sam Cassell on multiyear contract.

PHILADELPHIA—Re-signed G Doug Overton.

PHOENIX—Signed G Stephen Jackson to 1-year contract.

VANCOUVER—Re-signed G Chris Robinson to 2-year contract.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

ARIZONA—Signed WR Kevin Williams and S Eric Castle to 1-year contracts.

DALLAS—Announced retirement of DE Charles Haley and WR Jay Novacek.

NEW YORK JETS—Signed G Lamont Burns to 2-year contract. Signed DT Rick Terry to 3-year contract.

MINNESOTA—Signed G Randall McDaniel to 4-year contract. Signed RB Robert Green.

NEW ENGLAND—Re-signed DT Chad Eaton and FB Rupert Grant. Signed RB Sedrick Shaw and S Chris Carter.

PITTSBURGH—Signed WR Corey Holliday, OT Paul Wiggins and WR Mike Adams. Agreed to terms with CB Chad Scott on 5-year contract. Agreed to terms with WR Will Blackwell and RB George Jones.

SAN DIEGO—Agreed to terms with T Raleigh Roundtree on 3-year contract and T Daniel Palmer to 2-year contract.

ST. LOUIS—Waived CB Anthony Parker. Signed CB Ryan McNeil.

HOCKEY

NATIONAL HOCKEY LEAGUE

ANAHEIM—Agreed to terms with C Espen Knutsen on 1-year contract.

BOSTON—Agreed to terms with F Ted Donato on 1-year contract.

OTTAWA—Signed C Derek Armstrong to 1-year contract and G Jani Hurme to multiyear contract.

PHILADELPHIA FLYERS—Signed G Neal Little to 1-year contract and C Craig Darby to 2-year contract. Signed D Luke Richardson.

ST. LOUIS—Signed G Rich Parent.

SAN JOSE—Signed D Bill Houlder to 4-year contract. Signed D Richard Brennan and D Andrei Zyuzin.

TAMPA BAY—Signed D Pawel Kubina, C Edward Pershin and C Vadim Yepanchintsev.

VANCOUVER CANUCKS—Signed F Lubomir Vaic and Signed D Grant Ledyard.

COLLEGE

ALABAMA—Announced G Rebecca Baroagry will not return to women's basketball team.

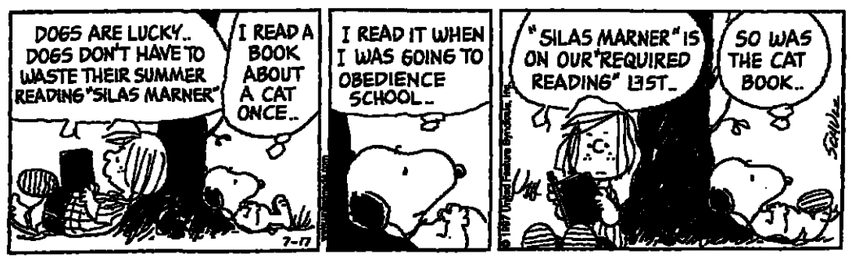
MISSISSIPPI—Signed men's basketball coach Rob Evans to 2-year contract extension, through 2000-2001.

SOUTH FLORIDA—Extended the contract of Seth Greenberg, men's basketball coach, through 2001-2002 season.

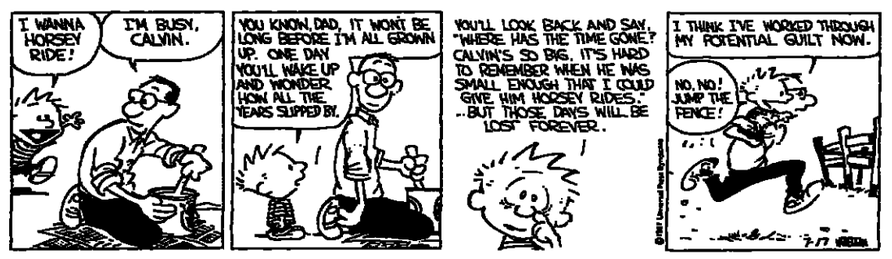
DENNIS THE MENACE

"EVERY HURRICANE SHOULD BE NAMED DENNIS."

PEANUTS



CALVIN AND HOBBES



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

YUNNF
KEWOA
YIPRAC
FEEDAM

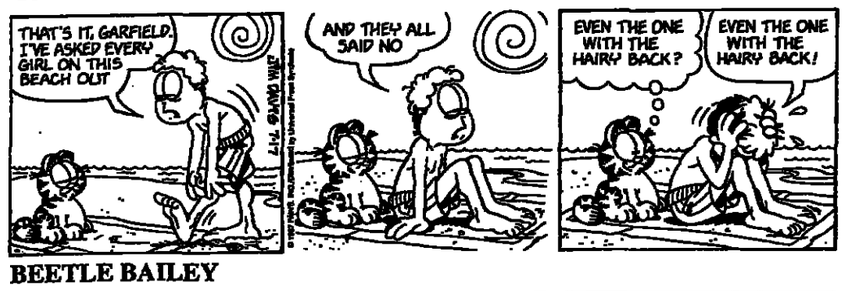
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: HE ___ FOR ___

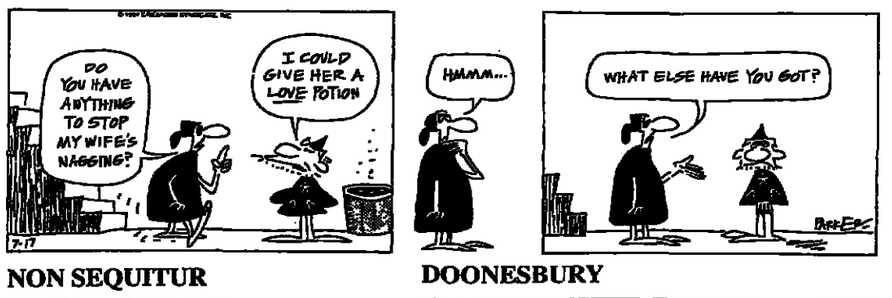
(Answers tomorrow)

Yesterday's Jumbles: POUCH TWEAK CROTCH RACIAL
Answer: Good advice when offered a fireplace on the street — WATCH OUT!

GARFIELD

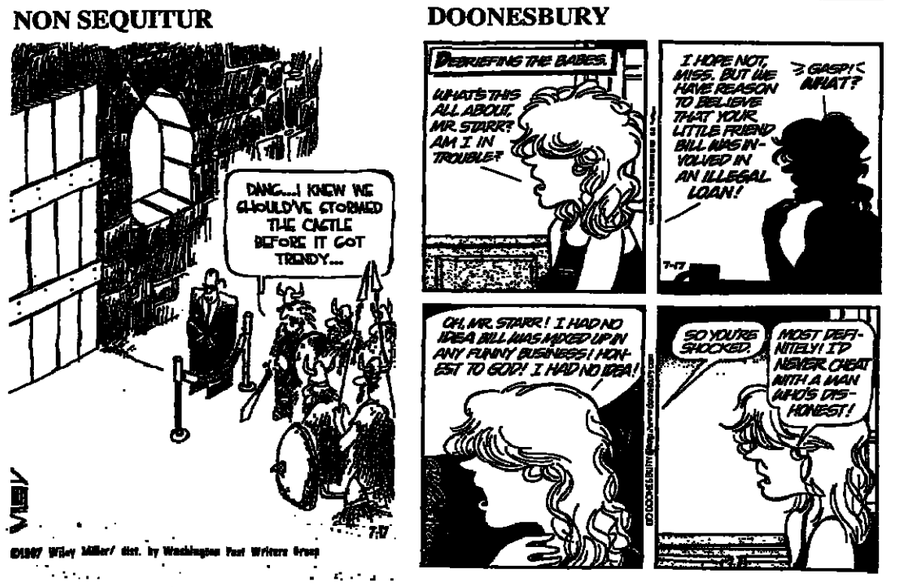


WIZARD of ID



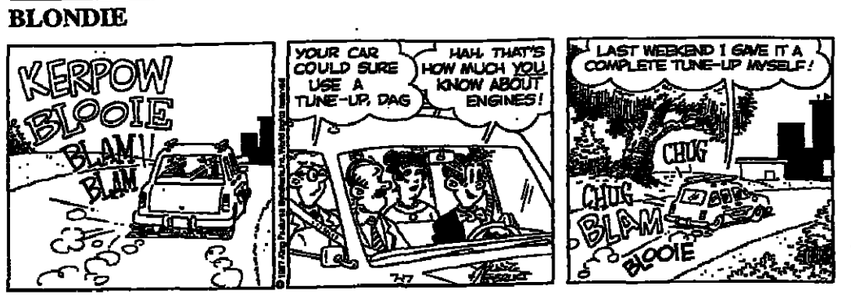
BEETLE BAILEY

NON SEQUITUR



DOONESBURY

BLONDIE



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ART BUCHWALD

Relatively Speaking

VENICE — What I like most about Italy is that everyone has a relative in the United States. This is particularly meaningful when you go shopping. I walked into a jewelry store on St. Mark's Square the other day and was greeted warmly by the owner.

Buchwald

His first remark to me was, "I love Americans. I have a cousin who lives in Boston. His name is Accapello. Do you know him?"

Now it's foolish to tell someone in Italy that you don't know his cousin in Boston, so I replied, "Accapello is a good man — Boston's best."

□

The jeweler smiled. "Everyone knows Johnny Accapello. There's another Accapello in Newark, New Jersey. He is not even a cousin, but he's always claiming to be a relative. So because you know John Accapello in Boston I will give you a 20 percent discount on all our gold gondola necklaces — the same as I gave Henry Kissinger."

I said, "Anyone who would do this is truly a cousin of the great Accapello from Boston." I pointed to a St. Mark's charm bracelet.

"How much is this in dollars?"

He took out his calculator. "For the French, $175 — for you $95."

"That's a good buy, but why would you do this?"

"I don't have any relatives in France."

□

I bought a set of gold earrings and then went to a restaurant for lunch. By an unbelievable coincidence, our waiter, Umberto, turned out to have a brother in Los Angeles who worked in a restaurant similar to the one we were in. Naturally, Umberto asked if we knew him.

"Of course, we know him," I replied. "He is the only one we allow to grind pepper on our food."

He was ours for the evening — nothing was too much trouble. He told the owner we knew his cousin. This moved the headwaiter to send over a bottle of Chianti on the house. It was a happy meal, and Umberto was delirious to know that he was actually serving people who had been served by his brother.

□

This is the way it has been all through our travels in Italy. To avoid hurting people's feelings, we admitted to knowing countless relatives. You cannot imagine what it has done for our trip.

If Angel Fioro in Pittsburgh is reading this, your cousin Carlo in Verona gave us a discount on a set of Murano dessert plates that he has only ever given to Sophia Loren.

Egypt Writer Honored

Agence France-Presse

CAIRO — The newly restored home of the Egyptian writer Taha Hussein opened Tuesday as a museum, the culture ministry said. Taha Hussein (1889-1973), who was blinded by disease at age 6, wrote a large number of literary studies and novels, some of which have been made into films.

Abdullah Ibrahim on Jazz and Refrigerators

By Mike Zwerin
International Herald Tribune

PARIS — Abdullah Ibrahim has a softly musical Dutch accent. His meter, tone and choice of vocabulary can get mystical. His eyes are misty at times. Bear in mind, though, that there is always a twinkle in them, even during the serious stuff. Which there's a lot of. Even his silliness can be serious, and there's a lot of that too. Is he questioning our ability to understand his mysticism, or is he just being mystifying for the fun of it?

His musical portraits opened a window to South African society

What do refrigerators have to do with jazz, for example?

"With refrigerators there are no more seasons. Everything is artificially preserved. On the other hand, one reason jazz music is so vital is that it's always in season. It's fresh, but it's only ripe once. It cannot be preserved.

"A refrigerator is kind of like a record player. They both serve a purpose, to preserve. But they do not present fresh products.

"It's more ecological to eat fresh fruit in season. Right? With a refrigerator, to hell with the seasons. Nowadays, you ask people what phase the moon is in and nobody can give you a clear answer. But they'll know what the frozen lamb chops in their refrigerator cost in the supermarket."

Followed by a very serious twinkle indeed.

Playing jazz piano in Capetown during the days of apartheid, the young Ibrahim was called Dollar Brand. As far as his peers were concerned, anything American had to do with dollars.

While on a European tour in 1962, he was "discovered." It was a heavy discovery — his first album, produced in Paris, was named "Duke Ellington Presents the Dollar Brand Trio."

On his way in a big way in more ways than one, Brand converted to Islam ("it helped me discover a sense of the natural"), and he married the singer Sathima Bea Benjamin. They are still married.

His World Music-before-the-term albums, "Anatomy of a South African Village" and "African Portraits," attracted wide positive international attention. Despite increasing governmental pressure in reaction to their politics, he and Sathima maintained a base in Capetown. For two years he ran a music school in Swaziland. Exile beckoned when his piece "Mannenberg" was picked up as a sort of anthem during an uprising in Soweto.

He played Lincoln Center, Carnegie Hall, the Museum of Modern Art and the Village Vanguard with John Coltrane, Ornette Coleman, Elvin Jones, Don Cherry and just about every name that counted. The theme of his mixed-media composition "Kalahari Liberation Opera" was "to open a window to South African society. It is about a dream for a happier future."

His reputation was solid. He won polls. But he could not go home again — until "we made our way back to Capetown just after our president was released from prison."

In a certain sense they had never really left. Whether they were inside or outside, it was always the same agenda.

They always knew that the previous struggle was really minor compared to the one that would come next: "The struggle we actually face now is about reconciliation, humanity, reconstruction; about building a nation.

"South Africa is the flashpoint of the entire planet. Because human beings discriminate everywhere. Apartheid is still with us everywhere in some form or another. Sooner or later, there has to be an eruption. The pressure must be released, or it will blow up. The truth must be dealt with. So what is happening in our country is important for everyone. We have an opportunity to be useful."

In a certain way his present can be described as "what happens after a happy ending." In November the Zurich Symphony Orchestra will play some of his compositions, re-scored for symphonic instrumentation. There is a project with the Munich Philharmonic. And he is helping to build a Capetown Symphony Orchestra:

"The orchestra will stress the synergy between our cultural experience in South Africa and the jazz and classical music of the world." Note that his home culture comes first. He has reversed the old colonial order. He is reflecting upon the reversal of considerably more than that:

"In Capetown now, we are teaching martial arts as well as jazz. A Japanese swordsman once said: 'Under the sword lifted high, there's hell to make you tremble. But go ahead with it fearlessly and you'll find bliss.' We jazz musicians are the modern samurai. It's all about courage and faith." That twinkle again: "And bliss."

Christian Rose
Ibrahim, once known as Dollar Brand, believes in entrepreneurship, not jobs.

"The person who has enough faith to risk his last hundred bucks in a business project is thinking like a jazz musician. In either case, who knows what's going to happen next? We must encourage that sort of dynamic. Most people do not have faith in themselves, and so they are satisfied with having a job."

A moment of meaningful silence: "I read the scriptures. Not once did I see anything about a job. It says 'work.' That is not the same thing. A jazzman does not have a job. He is an entrepreneur. His job is to take risks.

"In jazz colleges, people have jobs teaching jazz. How does that work? Can people with jobs teach young musicians how not to have a job? They should teach entrepreneurship. How to start your own company. Kids learn that and they'll play better. You think Charlie Parker had a job?

"I haven't had a job since I was 14. If you offered me one I'd refuse it. Because then what would I play about? You have to play what you live, and life involves taking chances. If you can improvise a chorus of 'Donna Lee' then you are also capable of operating your own company.

"A 20-year-old kid figures out a new gimmick in his garage and he opens his own company and becomes a millionaire. Would you call that kid in the garage unemployed?

"We have a whole culture of unemployment now. This culture says that you must have a job. Thousands of young people walk around all over the planet with master's degrees looking for jobs. It's stupid. They should be taught how to be entrepreneurs. Don't take a job with a record company. Start your own record company."

PEOPLE

Stan Honda/Agence France-Presse
Chan, fresh from a shopping spree, at his premiere.

HAND in hand, **Michael Jackson** and his former wife, **Lisa Marie Presley**, arrived back at his Knightsbridge hotel after a sold-out London concert. She had stood at the edge of the stage throughout Jackson's musical extravaganza at Wembley stadium. The two had not been seen together since their divorce last year, and in November, Jackson married **Deborah Rowe**, who gave birth to the couple's son, **Prince**, in February. Last week Jackson took Rowe along to Sheffield in northern England for the first of the four concerts of his current tour, his first in Britain in five years. For the second England concert, on Saturday, only 60,000 tickets were sold for the 75,000-capacity Wembley.

□

When **Jackie Chan** arrived in New York for the opening of "Operation Condor," which he directed and starred in, he stepped off the Concorde and found that his luggage was missing. The solution? Go shopping at Barneys. Not only did Chan have to find something suitable for the premiere at the Ziegfeld Theatre, he was also going to appear on **David Letterman**'s show. The martial-arts star made "Operation Condor" in 1991. It's being released in the United States now because of the success of several of Chan's other films, including "Supercop."

□

One of two men charged with trying to extort money from **Elle Macpherson** says he was her "boy toy," not a burglar. A lawyer for **Michael Robert Mischler** said his client was an invited guest at the model's home and trailer last month in Los Angeles. "He stayed with her six times," the lawyer said. "His statements are that he just found out he was used as a 'boy toy.'" A co-defendant, **William Ryan Holt**, 26, pleaded not guilty last week to extortion and attempted extortion charges.

□

Some members of **Jacques Cousteau**'s family objected Wednesday to the publication of the underwater explorer's last book, saying it had been rushed into print after his death last month. "We are anguished by the speed with which this disheartening media coup was staged, in disregard of all that is essential in the publication of an important work," said a letter faxed to news media in Paris. It was signed by seven members of the Cousteau family, including his son, **Jean-Michel Cousteau**, and four grandchildren. The letter was not signed by Cousteau's widow, **Francine**, who had supported the early publication of the book. Cousteau had been working on "The Man, the Octopus and the Orchidea" for 16 years when he died on June 25. It had been scheduled for release in September.

□

Cilla Black, the '60s pop singer who went on to TV stardom in Britain, was anything but speechless when she collected an honor Wednesday from **Queen Elizabeth II**. "You know me, I did all the yapping," Black told reporters outside Buckingham Palace, showing off her OBE. "I told her my life story.... I saw that glazed look and I thought, 'It's time to shut up.'" Black is reputedly one of the highest-paid stars of British TV as host of "Blind Date." "I just love what I do and to be noticed for it — this is the icing on the cake," she said. "I'm that old ginger fur ball who got the cream."

□

The jazz trumpeter and composer **Nat Adderley** had his right leg amputated in an emergency operation after his foot became swollen. The 65-year-old Adderley has diabetes.

Stefan Rousseau/The Associated Press
Presley and Jackson in London.

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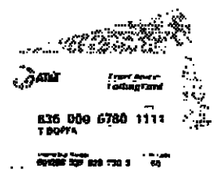

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